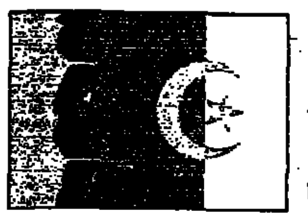
FINANCIAL TIMES



Cycle of violence
Algeria in the midst of chaos
Page 15

Pelléas at the Met
A triumph for Levine and Miller
Page 13

Corporate America
Glass ceilings begin to crack
Page 11

TOMORROW'S
Weekend FT
The liquidity machine

World Business Newspaper FRIDAY MARCH 31 1995 D8523A

BMW says currency fluctuations could hit 1995 results

German executive and luxury carmaker BMW increased its pre-tax profits by 65 per cent to DM1.38bn ($980m) last year and forecast a "satisfactory result" for 1995. Bernd Pischetsrieder (left), chairman of the BMW management board, warned that currency fluctuations could hit the company's financial performance this year. Its share price fell DM1 to close at DM679. Page 17

Maxwell creditors to receive £450m: Administrators to the collapsed business empire of Robert Maxwell, the publisher who fell to his death at sea 3½ years ago, will today pay creditors £450m ($730m). It will probably be the largest dividend ever to a failed UK company. Page 9

ING profits advance 13%: Internationale Nederlanden Groep, Dutch financial services company which rescued Barings Bank of the UK, posted a 13.5 per cent increase in annual net profit in spite of a sharp drop in results on financial trading for its own account. Page 20

Brazil doubles tariffs: Brazil doubled import tariffs on cars and other consumer items to 70 per cent amid concern about the country's trade and current account balances following Mexico's financial crisis. Page 6

Russia prepares for more sell-offs: The Russian government approved plans for the second stage of its privatisation programme, which aims to generate Rbs9,000bn to help plug this year's budget deficit. Page 3

Fall in French jobless: French unemployment fell for the fifth successive month in February, declining by 10,200 to 3.3m, Labour Ministry statistics show. Page 3

Australian inflation rate set to rise: Australia's underlying inflation rate is set to top 3 per cent during 1995, putting it outside the Reserve Bank of Australia's 2-3 per cent target range. Page 8

Japanese deregulation likely to disappoint: Japan is expected today to unveil a package of deregulatory measures that will stop well short of a full liberalisation of its heavily-regulated economy. Page 8

Battle for US Shoe heats up: The battle for US Shoe became more heated as Luxottica Group, the Italian spectacle maker, launched another attack on the US retailer which has rejected a $24 per share offer. Page 17

Slow start at Commerzbank: Commerzbank cautiously forecast a full-year improvement in spite of a slow start to 1995, with a decline in operating profits at the German bank in the first two months. Page 18

Top TV man joins Murdoch: Rupert Murdoch's News Corporation snapped up Richard Dunn, one of the UK's most senior television executives, who recently announced he was leaving Pearson, the media, information and entertainment group. Page 10

Solvay back in the black: Belgian chemicals and pharmaceutical group Solvay staged a sharp turnround last year, swinging to a net profit of BFr7.96bn ($280m) from a loss of BFr6.91bn in 1993. Page 20

BAe launches £383m rights issue: British Aerospace launched £383m rights issue to fund a renewed assault on submarine maker VSEL if it is cleared to rebid by the Monopolies and Mergers Commission. Page 24; Lex, Page 16

Axa income up 11%: Axa, one of France's largest insurance groups, reported an 11 per cent rise in net income FFr2.27bn ($450m) despite the impact of the falling dollar and a sharp reduction in capital gains. Page 17

Redland cuts dividend: Redland of the UK, the world's biggest roof tile manufacturer, cut its final dividend by a third despite a 34 per cent rise in annual pre-tax profits to £386.4m ($621.4m). Chief executive Robert Napier said the company needed cash to invest in production in continental Europe. Page 17; Lex, Page 16

UK moves to make gilts more attractive: The UK government said it would introduce an annual timetable for the auction of government bonds, a move which will make its debt more attractive to investors. Page 16

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	4,174.29	(+13.49)
NASDAQ Composite	813.50	(-5.66)
Europe and Far East		
CAC40	1,893.0	(+40.58)
DAX	1,918.46	(-0.42)
FT-SE 100	3,176.2	(+33.9)
Nikkei	16,512.22	(+51.49)

■ US LUNCHTIME RATES

Federal Funds	5 15/16%
3-mth Treas Bills: Yld	5.827%
Long Bond	102¾
Yield	7.389%

■ OTHER RATES

UK: 3-mo Interbank	6⅝%	(6 21/32%)
UK: 10 yr Gilt	100½	(99 15/32)
France: 10 yr OAT	98.02	(97.03)
Germany: 10 yr Bund	101.29	(101.44)
Japan: 10 yr JGB	106.567	(106.607)

■ NORTH SEA OIL (Argus)

Brent 15-day (May)	$17.48	(17.41)

■ GOLD

New York: Comex		
	$n/a	(385.0)
London:		
close	$383.4	(383.3)

■ DOLLAR

New York: lunchtime		
£	1.599	
DM	1.41245	
FFr	4.9155	
SFr	1.1715	
Y	89.545	
London:		
£	1.5967	(1.6128)
DM	1.4107	(1.3773)
FFr	4.9274	(4.8691)
SFr	1.1761	(1.1355)
Y	89.575	(88.115)

■ STERLING

DM	2.2575	(2.2212)
Tokyo close:	Y 88.225	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fils625	Portugal (m'land)	Es230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

Bundesbank acts to curb D-Mark rise ■ Sharp rally recorded in European markets

German rates cut by half a point

By Andrew Fisher in Frankfurt and Philip Gawith in London

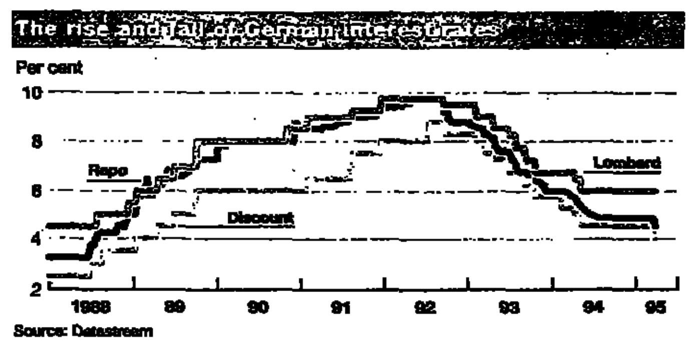
The Bundesbank yesterday acted to curb the steep rise in the D-Mark and ease the woes of German exporters by cutting interest rates for the first time since last summer.

The central bank's decision took markets by surprise, prompting a sharp rally in bond, equity and currency markets across much of Europe.

The Bundesbank cut the discount rate by half a percentage point to 4 per cent and lowered the rate for next week's securities repurchase (repo) agreements to 4.50 per cent from 4.85 per cent. The Lombard rate was unchanged at 6 per cent.

The Bundesbank fine-tunes monetary policy through the repo rate, which serves as a benchmark for key lending rates in the economy. The discount rate, at which banks sell bills of

The rise and fall of German interest rates



Source: Datastream

exchange to the Bundesbank, provides a floor for official rates, while the Lombard emergency funding rate acts as a ceiling.

Switzerland, Belgium, Austria and the Netherlands all followed the German example in cutting their rates.

Despite the bank's assertion that it was not acting out of concern for exchange rates, economists said the D-Mark's strength was the main reason for its action.

Ms Alison Cottrell, economist at PaineWebber International in London, said the Bundesbank wanted to prevent speculative pressures from engulfing the French and Belgian currencies. "It really is like an insurance policy."

Although the Bundesbank managed to ease recent tensions in the currency markets, most observers believe it will only provide a temporary respite before the dollar, and peripheral European currencies like the lira, peseta and Swedish krona, are again under pressure.

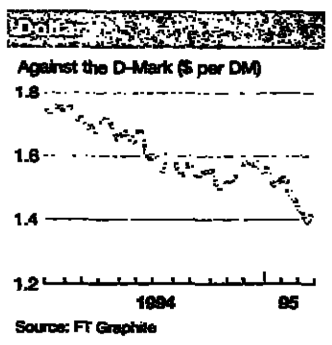
This view was implicitly endorsed by Mr Hans Tietmeyer, president of the Bundesbank. "I do not believe our decision can significantly change currency markets," he told the German ARD television station.

The dollar finished the day firmer, closing in London at DM1.4107 from DM1.3773. Sterling closed at DM2.2525, up 3 pfennigs.

The Bundesbank's decision ends a long period of doubt over German monetary intentions. Mr Tietmeyer has repeatedly stated that there was scope for rates to move up or down, or remain unchanged.

Such comments kept bond markets calm, but the recent heavy flow of funds into the D-Mark has

Dollar



Source: FT Graphite

pushed it up by more than 5 per cent this year on a trade-weighted basis. This has made life harder for exporters and led economists to scale back economic growth forecasts.

The Bundesbank justified its rate cut by pointing to the sharp improvement in money supply figures, now under control after the steep growth of early 1994.

Mr Tietmeyer said the Bundesbank could not compensate totally for the impact of the strong D-Mark on exports and jobs. "But we can reduce the inflationary risks and we can let growth potential for the future develop."

In a statement explaining the move, the bank emphasised the slowdown in monetary expansion and said the cut did not mark an end to concern about inflation.

The main impact of the Bundesbank decision was felt in European interest rate markets. The long gilt futures contract on Liffe was around 103 13/32, up 15/16 point on the day, while Italian government bonds jumped on news of the German rate cut. The June BTP future on Liffe was around 94.60, up 0.85.

Countering the rise of the D-Mark, Page 2; Currencies, Page 29; Editorial Comment, Page 15; World stocks, Page 38; Lex, Page 16; Government bonds, Page 28

Brussels steps up pressure on Canada

By Caroline Southey in Brussels, David White in Madrid and Kevin Brown in London

The European Commission warned Canada yesterday not to take further action against Spanish vessels fishing in international waters off Newfoundland.

Spain also said it would ask for sanctions against Canada if the country's coast guard took action against trawlers fishing outside its 200-mile nautical zone.

"Spain will ask for the immediate application of sanctions if Canada repeats its aggression," said Mr Javier Elorza, Spanish ambassador to the European Union. But, he added: "We would like conversations to continue peacefully."

The warnings came after Canadian authorities cut the net of a Spanish trawler fishing in the Grand Banks area on Sunday. The EU and Canada are at loggerheads over the allocation of a quota for Greenland halibut, also known as turbot, and measures to protect stocks.

Mr John Major, the UK prime minister, in his strongest statement of support for Canada to date said it was "entirely right" to try to preserve fish stocks, but warned its case was being undermined by its "tough line".

Mr Major said Canada and Spain were "close to a deal" on the allocation of fish quotas and rules for enforcement.

And he confirmed the UK's determination to veto any EU trade sanctions against Canada. "A satisfactory accommodation between the sides can be achieved and should be achieved speedily," he said.

The Commission, in a letter to the Canadian Department of Foreign Affairs, said further action "would be bound to have consequences for the relations between the EU and Canada likely to extend beyond fisheries".

The latest Canadian action was "illegal and unacceptable", it said, adding that "it infringes international law" but stressed the Commission wanted a negotiated solution.

The ambassadors met yesterday but did not ask the Commission to draw up a list of sanctions against Canada.

Nancy Dunne adds from Washington: Mr Clyde Wells, premier of Newfoundland and Labrador, said he appreciated the UK's determination to veto EU sanctions against Canada.

Meanwhile Canada moved to take advantage of UK support by sending 1,500 flags to the UK yesterday (200 were flown in earlier this week) after strong demand from UK fishermen.

Editorial Comment, Page 15

Off the rails: A would-be commuter at Paris's St Lazare station yesterday as the French capital was paralysed by a public transport strike which affected rail, bus and air services. The industrial dispute is over redundancies and demands for higher pay Picture: Reuter

Contract vote fails to limit US terms

By Jurek Martin, US Editor, in Washington

The Republican party's Contract with America has suffered its first big defeat in the House of Representatives, with the loss of the constitutional amendment on limiting the maximum terms of congressmen and senators.

The Republicans promptly blamed the Democrats for the setback, late on Wednesday, but the impact on the party political balance sheet, when Congress faces the electorate next year, is much less clear.

Only one of the four versions, requiring 12-year limits for both senators and congressmen, secured even a simple majority. But the total of 227 in favour (to 204 against) was 61 votes short of the two-thirds required to pass a constitutional amendment. Some 40 of the 230 Republicans joined 163 of the 204 Dem-

Continued on Page 16

EBRD may leave London office in effort to trim costs

By Robert Peston in London

The European Bank for Reconstruction and Development may quit its marbled and mirrored City of London headquarters, according to a memorandum sent to its staff.

A year and a half after the resignation of Mr Jacques Attali as the bank's founder president – a departure which was in part prompted by criticism of the £66m ($106m) he spent on decorating and furnishing the building – the bank is initiating a study of whether it can save money by moving elsewhere in London.

A memo to staff says: "Because of the need to reduce our occupancy costs, the bank has been looking at every possible option to save money."

It continues: "As part of this effort, a study has been undertaken to find the cheapest alternative, which might either be to move elsewhere in London, or to remain where we are."

For the first two years and five months of its tenancy, the bank received a rent holiday. Now however it has started to pay £14.7m a year.

Mr Jacques de Larosière, the EBRD's current president, has been under pressure from the bank's owners, 57 countries and two financial institutions, to make savings.

In contrast to his predecessor, he believes its credibility is not enhanced by the magnificence of its fixtures and fittings, which include specially designed "shadowless" carpets, Italian marble with a range of polished finishes and custom-built furniture.

The memo to staff, which was sent by Mr Miklos Nemeth, vice-president in charge of personnel and administration, rules out moving the bank to Bonn, in spite of widespread speculation that a relocation to Germany is possible. It says: "A move to Bonn is not being discussed."

The bank's annual meeting takes place in London in 10 days. A bank executive said: "Whenever we meet, our attempts to talk about the regeneration of eastern Europe and the former Soviet Union are always overshadowed by sour grapes about our offices. The president wants to put that behind us once and for all."

An alternative to moving out may be to sublet part of the building. Agents have been instructed to find possible tenants.

CONTENTS

 No 32,639 Week No 13 LONDON · PARIS · FRANKFURT · STOCKHOLM · NEW YORK · TOKYO

NEWS: EUROPE

Slovaks waver over EBRD N-plant loan

By Vincent Boland in Prague

Slovakia appeared to be drawing back yesterday from accepting the conditions the European Bank for Reconstruction and Development has imposed for granting a controversial loan to improve the Mochovce nuclear power station.

The government yesterday expressed doubts about its ability to meet the tough financial conditions connected with a proposed DM412.5m ($299m) EBRD loan to help pay for a French-led consortium's contract, and is considering a cheaper bid from a Czech company.

The EBRD wants Slovakia to raise electricity prices by nearly a third on April 1 as a precondition of the loan, which will help finance safety and other technical improvements by a consortium led by Electricité de France. The government now says the resulting rise in energy bills would force many enterprises to shut down and add to the country's already high unemployment.

Last week the government asked the EBRD to postpone a decision on the loan while it considered an alternative offer from Skoda Praha, a Czech engineering company. Skoda says it can complete the Russian-designed Mochovce for DM800m, about a third less than the EdF proposal.

However, western financing is dependent on the inclusion of costly safety systems provided by western companies and would not be forthcoming if Slovakia agreed instead to the Czech offer and accepted a $150m financing and technical package from Russia.

The EBRD is also seeking guarantees that Bohunice – another Russian-designed nuclear plant that is the country's main source of electricity – is shut down when Mochovce becomes operational. The old plant is considered one of the most dangerous in the region. If Slovakia accepts the Czech contract, this would remove the EBRD's leverage to close Bohunice.

The Slovak government says it is still considering its options for the completion of the plant, and has not rejected the EdF proposal.

Completion of the plant has generated fierce controversy in neighbouring Austria, which has threatened to withdraw from the EBRD if the bank approves the loan. Environmental groups are also highly critical of the EBRD's involvement in financing a nuclear plant.

The bank, if it approves the loan, would be the first multilateral development bank to help finance a nuclear project, and the proposed loan would be its biggest lending package yet in post-communist Eastern Europe. The EdF project is predicted to cost DM1.3bn.

The bank defends its involvement in the project, arguing that countries like Slovakia have no alternative to nuclear energy, and that the safety enhancements it is seeking from the developers will ensure that the risks attached to Mochovce are much less than those from continuing to use Bohunice.

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FT writers study the implications of the Bundesbank discount rate reduction

Countering the rise of the D-Mark

By Andrew Fisher in Frankfurt

The guessing game had clearly gone on long enough. After several months of keeping markets stable by suggesting that interest rates could go down or up, but would most likely stay where they were, the Bundesbank yesterday made its move. It cut the discount rate by half a point to 4 per cent, left the lombard rate unchanged at 6 per cent and lowered the securities repurchase (repo) rate to 4.50 from 4.85 per cent.

Without the recent surge in the D-Mark against the dollar and other currencies, the German central bank would probably have felt little need to act. Some economists and bankers had pressed for a cut to help the economy, but the Bundesbank was concerned about the gradual build-up of renewed inflationary pressures, especially after the recent high wage settlements.

Yet it was also gratified by the sharp slowdown in growth of M3, the broad monetary measure, after last year's alarming increases. The bank's policy-making council therefore felt there was room for a rate cut. As ever, it denies trying to influence exchange rates. In fact, the strong D-Mark was helping such a policy by easing price pressures.

But the strong currency also put a considerable squeeze on exporters. Mr Hermann Rempserger, economist at BHF-Bank, said it was the threat posed to exports and industrial investment by the strong D-Mark that prompted the Bundesbank's action. BHF-Bank has lowered its growth forecast for west Germany this year by half a point to between 2 per cent and 2.5 per cent as a result of the D-Mark's climb.

Even so, some proponents of a rate cut – the first change in official German rates since last summer's reductions – were somewhat taken aback by the actual decision. Mr Julian Jessop, economist at HSBC Markets in London, has long argued in favour of a final rate cut in the present economic cycle. Yesterday, he said: "This move could backfire in the markets after the disappointingly high wage settlements."

For the rate cuts to benefit the bond market, therefore, inflation would have to move below market expectations. Mr Jessop thought this would be the case: "This will be the acid test of whether the Bundesbank has damaged its credibility." The bank stressed it was not following an exchange rate goal, but reacting to the sharp improvement in money supply figures and changes on the world monetary scene.

"Monetary conditions in Germany have changed under the influence of the strong external value of the D-Mark," the Bundesbank said in statement. "The further development of the money supply is being dampened as a result."

It added that the rate cuts would keep monetary policy on its intended course. The rise in the D-Mark's value would act as a considerable counterweight to domestic cost pressures and to rises in prices of imported raw materials and industrial products.

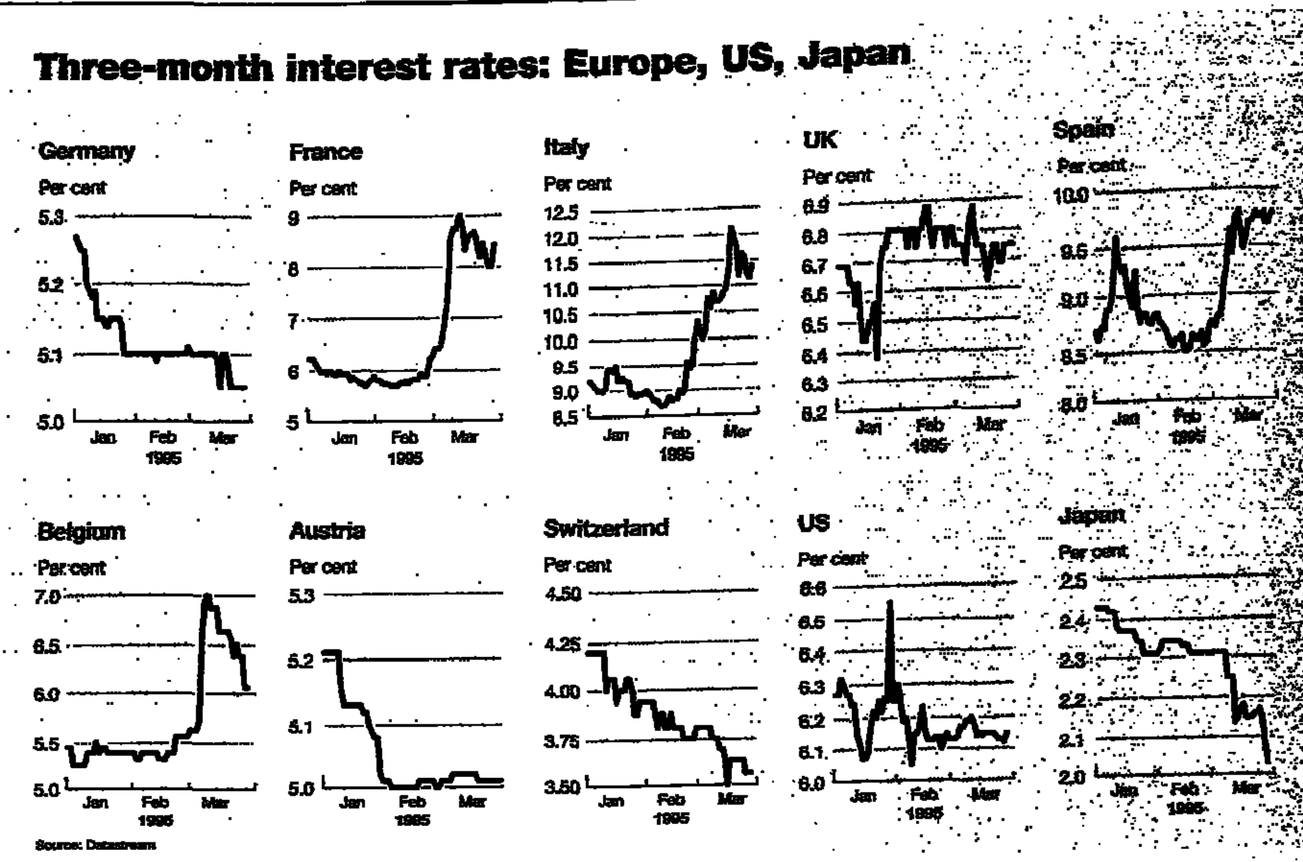
Reaffirming its commitment to price stability, the central bank said the rate cut did not signify the all-clear on inflation. It referred to the price risks contained in the latest wage settlements. Engineering and other workers have won pay deals worth about 4 per cent.

Mr Martin Kohlhaussen, chairman of Commerzbank, yesterday said the engineering deal "breaks all sensible bounds".

The Bundesbank stressed that it would not be deflected from its stability-oriented monetary policies. If, therefore, its goal of an annual 2 per cent inflation rate starts to look more remote later in the year it can raise rates again.

The cuts of last summer were aimed at shifting funds out of short-term deposits included in the M3 money supply definition and into longer-term investments. This worked, and money supply growth has been reined back sharply. The Bundesbank's conviction that it now had M3 under control hardened its view that a rate cut was justified – although economists expect the next move to be upwards.

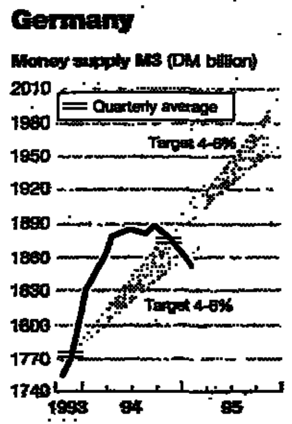
Three-month interest rates: Europe, US, Japan



Source: Datastream

Germany

Money supply M3 (DM billion)



Source: Deutsche Bundesbank

A short-term respite

By Philip Gawith and Robert Chote

The Bundesbank yesterday maintained its reputation for springing interest rate surprises, but its decision to lower its rates seems unlikely to have longer-term implications for financial markets.

In the short term, it will probably lower interest rate expectations across Europe, and calm some of the recent tensions in currency markets. There was little expectation among analysts, however, that it would do more than temporarily arrest the recent fall in the dollar and peripheral European currencies against the D-Mark.

The dollar's recent weakness has been caused by many factors besides the level of German interest rates. Mr Neil MacKinnon, chief economist at Citibank in London, commented: "This does not alter a great deal in terms of dollar direction. I am not going to change my forecast of DM1.25 against the dollar."

More important for financial markets than the activities of the Bundesbank is the outlook for US interest rates.

"What happens in the US at the moment is a much bigger issue for global bond and equity markets than Germany," said Mr Michael Hughes, global strategist at BZW in London.

There is increasing concern that the US economy will pick up again after a quiet first quarter.

If this prompts the Federal Reserve to start tightening policy again, it will leave US bond and equity markets, which set the tone for many other global markets, vulnerable to a correction.

Many observers believe the breather offered markets by the Bundesbank will prove short-lived.

"The Bundesbank is likely to take it back and more over the next three to six months," said Mr George Magnus, international economist at SG Warburg securities.

Although the Bundesbank justified its decision in domestic terms, a collateral objective may have been to take some heat out of the European exchange rate mechanism, trying to ease tensions especially with the French franc.

Mr John Shepperd, international economist at Yamaichi International, said he believed that severe domestic problems would keep currencies like the lira and peseta in trouble. "The strains in the ERM will really re-emerge when German rates go up," said Mr Shepperd.

Less surprising than yesterday's move by the Germans was the fact that numerous other European countries chose to follow suit.

Switzerland, Belgium, Holland and Belgium followed the German example and cut rates. The Swiss national bank lowered its discount rate to 3 per cent from 3.5 per cent; Belgium cut its central rate to 5.25 per cent from 5.85 per cent; the Dutch central bank cut its special advances rate to 4.5 per cent, from 4.8 per cent; and the Austrian central bank cut its discount rate to 4 per cent from 4.5 per cent.

NEWS: EUROPE

EUROPEAN NEWS DIGEST

Plea for EU labour reform

Europe should not allow economic recovery to deflect it from necessary changes to make its labour market more flexible and to reduce welfare charges on company payrolls, Mr François Perigot, head of the pan-European Unice employers' federation, said yesterday. He urged yesterday's European employment conference in Paris, bringing together labour ministers, business and union leaders of the 15 European Union countries, "not to forget the causes which everyone agreed were at the root" of the 1992-93 European recession that put 4.5m people out of work.

In his closing speech to the conference convened by the French presidency of the EU, Mr Edouard Balladur, France's prime minister, claimed to detect a European consensus on the need to lower welfare charges for lower-paid workers, to permit new patterns of work, and to try to focus job creation on the faster growing European service sector.

Mr Balladur also backed the conference call for the two sides of European industry to make more use of the European "permanent committee on employment" in carrying through the recommendations of the Delors white paper on boosting jobs and competitiveness in Europe. *David Buchan, Paris*

Warning on Turkish finances

Bankers and financial analysts warned yesterday that a prolonged occupation of northern Iraq by Turkey's armed forces could destabilise the country's public finances. Although the cost of the operation is estimated at $1bn a month, the government has not yet indicated when it will withdraw its troops.

An Istanbul banker said yesterday: "Troops must not stay long in Iraq because of the cost. We could see inflationary effects. . . . International markets are getting more positive on Turkey but they are worried about troops staying for a long time.

"Turkey can afford it until May, but from then on the negative impact on the economy would be much higher."

Bankers, who have already agreed to lend Turkey $500m this year, say the country is expected to seek a further $2bn-$2.5bn in financing to help repay $11.4bn in debts maturing this year. Mr Emre Gönensay, a senior adviser to Ms Tansu Çiller, the prime minister, said in Washington that although "we could [repay $11.4bn], Turkey's social and political structure may not handle this. The US and other partners should help us." *John Barham, Istanbul*

Hungary to slash state jobs

The Hungarian government said yesterday it would dismiss 19,000 civil servants as part of radical plans to slash state spending. Mr Lajos Bokros, finance minister, said the cuts meant budget-funded institutions would have to lose around 15 per cent of their staff this year.

The measures are part of a wide-ranging economic package announced earlier this month which aims to reduce government spending by Ft170bn ($1.4bn), mainly through cuts in welfare and public administration. Mr Bokros said the government would submit the package – the most concerted attempt in Hungary since the end of communism to cut welfare spending – to parliament next week. It also intended to draw up a mini-budget.

Analysts estimate some 30 existing laws will have to be amended for the package to become law. Government officials also said the Socialist-Liberal government had nearly agreed on a much-delayed law aimed at speeding privatisation, which has ground to a virtual halt since the coalition took office last July. The law is due to be voted on by parliament in early May. *Virginia Marsh, Budapest*

Deep hole in Arctic ozone

The seasonal ozone hole over the Arctic this spring is the deepest ever recorded, European observers reported yesterday. Half the protective layer in the upper atmosphere above northern Scandinavia and Siberia has been destroyed by man-made chlorine-containing chemicals, according to the European Ozone Research Co-ordinating Unit in Cambridge.

"Scientifically, this is a dramatic event," said Dr John Pyle, research co-ordinator. "It shows how close we can get in the northern hemisphere to the conditions that create severe ozone depletion over the Antarctic, and it emphasises the importance of implementing the international agreement to phase out ozone-depleting substances."

The European scientists said long-lived chemicals such as CFCs – outlawed by the Montreal Protocol – had destroyed particularly large amounts of ozone this year because the stratosphere was unusually cold. Dr Pyle said the atmospheric circulation, combined with the return of sunlight, would break up the Arctic ozone hole over the next month or so. It was unlikely to cause a dangerous increase in ultraviolet radiation from the sun over populated regions of northern Europe or North America. *Clive Cookson, London*

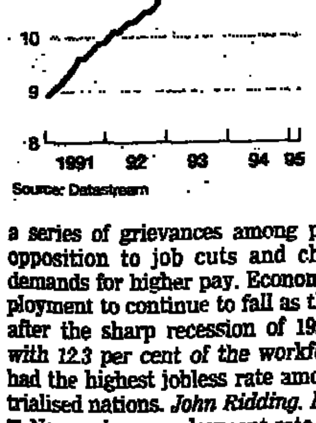
Prize for FT correspondent

Ms Judy Dempsey, the Financial Times Berlin correspondent, was yesterday presented with one of the Anglo-German Foundation's two annual journalism awards for her reporting from the German capital. The other prize winner was Mr Reiner Luyken, who writes from Scotland for the German weekly Die Zeit.

Ms Dempsey and Mr Luyken received their awards, each worth DM10,000 ($7,000)at the annual Anglo-German conference at Königswinter, near Bonn. The two winners were praised for "the consistently excellent standard and breadth of their coverage". Ms Dempsey, the FT's former east European correspondent, has worked in Berlin since 1993. Mr Luyken, who originally trained as a harpsichord-maker and organ-builder, has been writing for Die Zeit since 1982 after moving to Scotland in 1977.

ECONOMIC WATCH

Fewer French out of a job



Source: Datastream

French unemployment fell for the fifth month in succession in February, declining by 10,200 to 3.3m, according to labour ministry statistics. But confirmation of the fall, which had been leaked ahead of the official announcement, was overshadowed by a wave of public sector transport strikes. The strikes, which included 24-hour stoppages on the French railway network and the Paris metro, and the final day of a three-day strike by Air Inter, the domestic airline, crippled the national transport system. The actions on "black Thursday" reflected a series of grievances among public sector employees, from opposition to job cuts and changes in work practices to demands for higher pay. Economists said they expected unemployment to continue to fall as the economy gathered strength after the sharp recession of 1992-1993. But they added that, with 12.3 per cent of the workforce out of work, France still had the highest jobless rate among the Group of Seven industrialised nations. *John Ridding, Paris*

■ Norway's unemployment rate in March fell to 4.9 per cent of the workforce from 5.3 per cent the month before.

■ Portugal's retail sales index rose 8.0 per cent last November from the previous month and retail sales were 7.8 per cent up on November 1993.

■ Swedish producer prices rose 0.9 per cent in February, sharply down from January's 3.1 per cent rise but well above the February 1994 fall of 0.2 per cent.

Jospin tries to lead with left

Andrew Jack watches France's Socialist presidential hopeful

FRENCH ELECTIONS April 23/May 7

The chill wind blowing across the French town of Nancy did little to damp the enthusiasm of supporters of Mr Lionel Jospin, Socialist candidate in the French presidential race.

An hour before his rally was to start, just a handful of people had braved the bitter cold and snow at the Zenith Centre on the outskirts of Nancy, in the eastern Alsace-Lorraine region. One woman wondered whether the televised France-Israel football match was keeping others away.

Then the coaches bringing supporters began to arrive, swelling the crowd to some 3,000. The beer and hot-dog stand started doing brisk business; champagne was available too, though selling rather less well.

Yet the mood was not entirely euphoric. Mr Jospin still lies several points behind the front-runner in the polls, Mr Jacques Chirac. As one factory worker said: "A lot of people are pessimistic but we must keep up the optimism. Of course Lionel can win."

Mr Jospin still triggered a standing ovation as he entered the arena to deafening sound of triumphalist music.

It was up to Mr Laurent Fabius, the former Socialist prime minister, to warm up the crowd. He derided the efforts of Mr Edouard Balladur, whose lead in the polls has vainished in recent weeks, to show himself a man of the people. He last week had to hitch a lift, said Mr Fabius, "but even so he hitch-hiked in a Mercedes".

Mr Fabius said France needed a president for the 21st century, not a choice between Dupond and Dupont – a reference to the twins in the Tintin books – in the form of Mr Chirac and Mr Balladur. Somewhat unconvincingly, he called on the crowd to hail Mr Jospin "who will be in the second round, and perhaps president".

It was a theme quickly taken up by Mr Jospin, who launched into an 80-minute speech, much of it attacking his two leading rivals in the polls. "Ladies, gentlemen, dear friends," he started. "Comrades," someone shouted from the audience. "Comrades, of course," he rapidly added. "I need your strength, your commitment. I will retrain it towards France."

"I am stupified that a man of 60 has just discovered how to hitch-hike, and to get up onto tables," he said, picking up where Mr Fabius had left off and referring to Mr Balladur's recent attempt at a more populist image. "They were things I learnt at 16 and gave up soon after.

"It's about as credible as Mr Chirac starting with social issues and finishing with Europe, " he went on, turning to the policy vacillations of his leading opponent.

Mr Jospin stressed that victory was possible, recalling how quickly Mr Balladur's lead had crumbled in the past few weeks. He renewed his call for a televised debate among the three principal candidates – an initiative which Mr Balladur supports, having earlier refused when he was ahead in the polls.

Mr Jospin called for ambitious public job creation schemes "in the spirit of [US President Franklin] Roosevelt", an end to privatisation, greater social justice and a move towards a 37-hour working week as part of the effort to reduce unemployment.

He also argued against the claim that the elections are no longer about the political left versus the right. "Who has advanced French society at every stage since the Revolution?" Who was behind universal suffrage, public education, nationalisation and the separation of church and state? he asked the crowd. "The left," replied the audience.

It was a passionate speech, but one that suffered from Mr Jospin's obvious lack of personal charisma. During the rousing applause at the end, he looked embarrassed to raise his hands. And there was barely a trace of a smile.


Jospin: standing ovation

French party funding inquiry

By John Ridding in Paris

The spate of corruption investigations which has shaken French politics over the past 18 months took an unusual turn yesterday when Mr Pierre Méhaignerie, the justice minister, ordered the opening of an investigation into allegations of illicit financing concerning his own centrist party.

Mr Méhaignerie, a supporter of Mr Edouard Balladur, the prime minister and a candidate in the April/May presidential election, described the move as "unique of its kind". He announced the opening of a preliminary inquiry after a lunch for the legal profession hosted by the prime minister.

The preliminary investigation is the first step in examining whether there is a case to pursue. It will centre on allegations that Mr Méhaignerie's CDS party received illicit funds through a Swiss bank account in the 1980s.

The justice minister, who headed the CDS for 12 years until the end of 1994, has faced calls to open an inquiry since the allegations surfaced this month in Le Canard Enchainé, the satirical weekly. According to the newspaper, the Swiss account had provided a significant part of CDS funds in the late 1980s.

The inquiry ordered yesterday, however, is limited in scope, relying on the police rather than an investigating magistrate. The police will report to public prosecutors, who are answerable to Mr Méhaignerie. A left-wing magistrates' union denounced the limited nature of the inquiry accusing the justice minister of taking advantage of his position to bury the case.

Yesterday's move is the latest step in a series of investigations into allegations of corruption and illicit financing among France's political parties and politicians. The investigations have prompted three resignations from Mr Balladur's government over the past year, rocking the centre-right administration.

Mr Méhaignerie has given investigating magistrates a free hand in pursuing their cases in both the business and political spheres. He was also one of the main supporters of a reform of France's party financing laws, implemented last year, which suspended contributions to political parties by business groups. He said yesterday he was also considering steps to ensure the protection of judicial secrecy.

Court refuses to block launch of Telecom Italia's mobile service

Italy clears line for digital phones

By Andrew Hill in Milan

Telecom Italia, Italy's state-controlled telephone company, will formally launch its digital mobile telephone service tomorrow, after a Rome court yesterday dismissed its rival's complaints of unfair competition.

Omnitel Pronto Italia, the rival mobile phone operator, said yesterday it was still "firmly convinced that Telecom was committing a serious abuse of its dominant position" and promised to continue the regulatory struggle.

Omnitel, which is owned by an international consortium headed by Olivetti, the Italian computer group, had complained that the April 1 launch date gave Telecom Italia an unfair head start in the newly liberalised market for digital mobile phone services. Omnitel says it will be ready to launch its rival service only towards the end of this year.

But the Rome appeals court said yesterday that Telecom Italia's decision to launch tomorrow was not an abuse of its dominant position. The court also dismissed complaints that the state-controlled company could take unfair advantage of its existing sales network, brand name and ownership of the fixed telecoms grid in Italy.

The final outcome of the long regulatory battle – also being waged with the antitrust authorities in Rome and Brussels – will be closely watched by other potential entrants to Italy's lucrative telecommunications market, until recently under the monopoly control of state companies.

In the absence of a specific telecoms regulator in Italy, the court's judgments could also influence the forthcoming sale of the government's majority stake in Stet, the telecoms holding company which controls Telecom Italia.

The latter built its digital "GSM" service, which is compatible with other European services, two and a half years ago but has not been allowed to market it actively until now.

The state-controlled company has, however, attracted more than 3.4m subscribers to its analogue mobile phone service, over which it has a monopoly.

Omnitel is still hoping for the active support of Mr Karel Van Miert, European competition commissioner, and Mr Giuliano Amato, head of the Italian antitrust authority, both of whom have indicated they believe it may be the victim of unfair competition. However, neither has yet taken firm action against the Italian government or Telecom Italia, which claims it is playing by the rules.

Omnitel is one of several companies investing in Italy ahead of full liberalisation of the telecoms sector in 1998. Others are jockeying for position to become core shareholders in Stet, Telecom Italia's parent. Mr Lamberto Dini, Italy's prime minister, confirmed on Monday that the government wanted to establish "a core of strategic direction and management control" through a stable group of investors. Mr Ernesto Pascale, Stet's managing director, said yesterday he was hoping the core would be controlled by Italian investors.

Moscow go-ahead for more state sales

By John Thornhill in Moscow

The Russian government yesterday approved plans for the second stage of its privatisation programme which aims to generate Rbs9,000bn to help plug this year's budget deficit. But the proposals sparked a stormy cabinet debate with several ministers claiming the country's long-term interests were being sacrificed for short-term financial gain.

According to Russian news agency reports, the heads of the fuel and energy and communications ministries criticised the plans for being too hastily prepared and failing to concentrate on the privatised companies' investment needs. Some participants even called for the process to be stopped until more thorough plans had been devised.

But Mr Victor Chernomyrdin, the prime minister, said there would be no turning back on privatisation and rejected calls for the renationalisation of unprofitable companies. "If the new owners of companies do not manage then it is necessary to look for other owners. But to throw all the problems back on the shoulders of the government is intolerable," he said.

Another controversial proposal was also unveiled, and received preliminary approval, at the cabinet meeting. According to today's issue of Sevodnya, a Moscow daily, government officials revealed a plan to temporarily entrust the state's stake in several "strategically important and potentially valuable" companies with a group of Russian commercial banks.

The banks would hold the shares in trust for five years after which the state could sell them at a higher price than it could expect to obtain today. The banks are believed to include Oneximbank, Imperial, Stolichnyi Bank, Incombank and Menatep. All are part of Russia's inner circle of "court banks" which rely on their intimate ties with the state to smooth their business dealings. In exchange for holding the government's stake the banks are to help finance the budget deficit.

Mr Yevgeny Yasin, the economics minister, said the government could reasonably expect to raise Rbs9,000bn of revenue from the asset sales. But the second phase of privatisation will differ from the first in that more than half the proceeds will be kept by the privatised companies themselves for investment purposes and by their local authorities. This means that about Rbs24,000bn of assets will have to be sold in all.

The government will now draw up a timetable for selling individual packets of shares in some of the jewels of Russian industry. But the task will be complicated by the weakness of the country's fragile stock markets, which have tumbled since September's peak.

Mr Sergei Belyaev, chairman of Russia's property committee, said the foreign investors had bought 10 per cent of the shares offered in the first stage of Russia's mass privatisation programme but that their interest had waned. Foreign investors bought $500m of Russian equities last August but that had fallen to just $20m by January.

However, Mr Georg Kjallgren, director of Brunswick, one of the biggest stockbrokers in Moscow, predicted foreigners would be eager to buy shares in some of the biggest companies, such as Norilsk Nickel and Rostelekom. "I am sure there will be foreign interest especially as the market has come up quite well in the past two weeks," he said.

But Mr Kjallgren said investors might be better advised to pick up stock in the secondary market where shares were often cheaper than those offered in the official cash auctions. The privatisation sales would also usefully increase the market's overall liquidity.

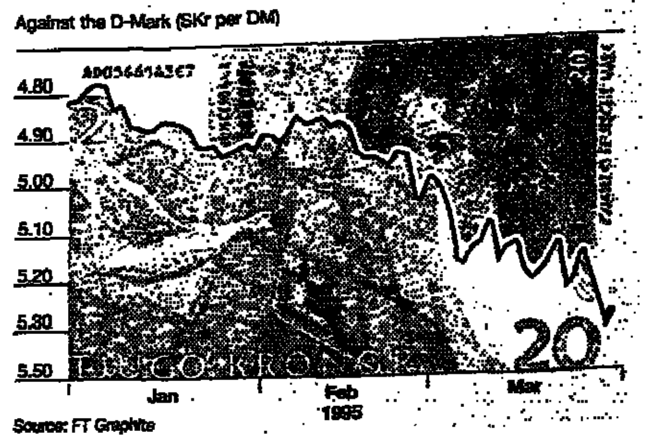
Last Chechen stronghold falls to Russian forces

Russian forces yesterday captured Gudermes, the largest remaining Chechen separatist stronghold, according to government officials, writes Chrystia Freeland in Moscow. But the news that Russia's drawn out military campaign against Chechen rebels could at last be reaching a conclusion came amid increased European criticism of Moscow's military intervention and official reports of high Russian casualties. Military officials revealed yesterday that 1,426 soldiers had died in the three months of war and a further 4,630 had been wounded.

Pressures are growing within the European Union to apply sanctions against Moscow because of its military intervention in the Caucasus. Mr Alain Juppé, French foreign minister, criticised Russia for ignoring EU warnings. France, which currently chairs the Union's council of ministers, is pressing for a joint statement warning Russia that it would have to reverse its policy in Chechnya to win approval of an interim trade agreement. EU foreign ministers, who are due to review the trade deal at an April 10 meeting, froze the agreement last month.

Swedish krona: victim of flight to quality

Against the D-Mark (SKr per DM)



Source: FT Graphite

Sweden takes a breather from debt burden

By Hugh Carnegy in Stockholm

The Bundesbank's interest rate cut provided a welcome respite for Sweden's hard-pressed Social Democratic government yesterday as the Swedish krona rose from record lows and sky-high interest rates eased significantly on the news.

But the breathing space offered by the German cut was scant relief for the minority government which, over the past two months, has seen its hopes dashed of quickly overcoming the crisis caused by the deep deficit in the public finances.

Mr Ingvar Carlsson, the prime minister, acknowledged yesterday that "it will take time before we have fully restored confidence".

Although he has refused to commit himself firmly to such a move, the government is under heavy pressure to produce a fresh package of public spending cuts when it presents its supplementary budget in late April – to add to three sets of savings measures already set out since the Social Democrats took office last October.

Despite the help from Frankfurt, Mr Carlsson may yet have to swallow his words. In January he said the tough budget set out by Mr Göran Persson, his finance minister, was enough to close the budget deficit and stabilise state debt, running at some 90 per cent of gross national product, by 1998 at the latest.

The budget added SKr22bn ($3bn) in savings to SKr73bn worth of budget strengthening measures already undertaken by the new government. Taken together, the measures included spending cuts equal to about 4 per cent of GNP.

But the financial markets were never convinced that the measures were sufficient and when the turbulence which blew up after the Mexico crisis hit in December, Sweden was among the countries most severely punished by the "flight to quality".

Long-term interest rates which the government desperately needed to bring down to establish a "virtuous circle" of stronger economic growth and lower debt-servicing costs soared over 11 per cent, reaching a crippling 4.5 percentage points above benchmark German rates. The krona tumbled to a low of SKr5.35 to the D-Mark.

Yesterday the yield on 10-year government bonds fell by 23 points, but remained at 11.34 per cent; the krona stiffened to SKr5.27, but was still some 10 per cent cheaper than at the start of the year.

Mr Carlsson continued to suggest in parliament yesterday that the market's lack of confidence in Sweden was unjustified.

He pointed to a forecast this week by the state economic institute that the government would succeed in stabilising the debt as early as 1996.

An export-led economic upswing will produce growth this year of 2.5 per cent, followed by similar growth next year. The current account is in significant surplus and industrial investments are rising sharply.

But the markets are afraid that the rate of growth is limited and Sweden will still carry a heavy debt burden going in to the next downturn.

Above all, the investors Sweden must attract to finance its large borrowing believe more needs to be done to trim the public sector, which in Sweden remains bigger relative to the economy as a whole than in any other industrialised country. Public spending accounts for nearly 70 per cent of GNP.

The problem for Mr Carlsson is that persuading the Social Democratic party, the guardian of the welfare state, to accept further spending cuts is an extremely difficult task. Already severe strains have been caused by the January budget, notably by Mr Persson's proposal to cut the monthly child allowance of SKr750 by SKr125 per month. The party looks set to limit the cut to SKr110.

The prime minister repeated yesterday that he was willing to co-operate with right-of-centre opposition parties – which are pressing for more spending cuts – on budget proposals. But he has refused since his election victory last September to consider forming a majority coalition with one or other of the centre-right parties. That was the move the financial markets always hoped to see as a guarantee of political and fiscal stability.

EU drafts rules for 'distance selling'

By Emma Tucker in Brussels

Measures to protect European Union consumers who buy goods and services from catalogues, over the telephone or from television displays, were adopted yesterday by consumer affairs ministers. They agreed on draft "distance selling" legislation that will give people the right to full information on products before they buy them, plus a seven-day cooling-off period during which they can pull out of the sale.

The directive, which has to be scrutinised by the European parliament, is expected to boost distance selling across Europe by providing minimum uniform protection for consumers who order goods by fax, mail or telephone from another member state.

The already rapidly expanding sector is expected to grow even faster when digital technology ushers in an explosion of screen-based shopping from home.

"We hope that this directive will constitute a first step towards the proper protection of consumers in the information society," said Ms Emma Bonino, consumer affairs commissioner.

The directive excludes financial services, mainly because ministers were worried that new initiatives could clash with existing legislation guarding against unscrupulous sales of financial products.

Member states will have three years to introduce the distance selling rules, once the directive has completed its progress through the parliament and council of ministers.

Yesterday's meeting also agreed to update rules on food labelling, making it obligatory for certain food products to list not just ingredients but also the quantities of them.

"It is important that consumers know how much meat is in a meat product, or how much natural juice is in a fruit juice," said an EU official.

To the disappointment of the Germans in particular, the law will not apply to alcohol as ministers for years have been unable to agree on how beer, wine and spirits should be labelled. Germany prides itself on the production of exceptionally pure beer.

A decision on adopting a European standard for the marking of precious metals was postponed after it became clear that ministers were sharply divided. Britain, the Netherlands, Ireland and Portugal believe jewellery and other precious objects should be subject to verification by a third party. Other states such as Germany, which allow manufacturers to certify their products, consider a third party system too bureaucratic.

Ministers believe the lack of common standards is preventing the free-flow of precious metals across the single market. But with such a clear division of opinion, the matter has been referred back to the member states' permanent representatives in Brussels who will attempt to forge a middle way.

AMERICAN NEWS DIGEST

Line on military gays 'illegal'

A federal judge yesterday ruled that the Clinton administration's policies toward homosexuals serving in the military violated the US Constitution.

The "don't ask, don't tell" approach, endorsed by Congress, seeks to end discrimination by allowing gay men and women to serve in uniform so long as they kept their sexual orientation private. It also allows honourable discharges to any who go public and prohibits recruiting officers from inquiring about sexual preferences. Judge Eugene Nickerson, ruling on a suit brought by six gay service members, found the policy to be discriminatory and a violation of free speech. It was also "inherently deceptive" because it offered "powerful inducements for homosexuals to lie".

The administration is likely to appeal to the Supreme Court against the ruling, in which case the policy would stay in effect, pending a final judgement.

Last week, senior officials had claimed the new approach was working well. President Bill Clinton came to office promising to end the US military's ban on homosexuals in the service, but the deeply controversial nature of changes to traditional practice proved a blight on his first six months. He had to overcome substantial opposition inside the military, as well as much criticism in Congress and from the public. *Jurek Martin, Washington*

Republican senator attacks far right

Senator Arlen Specter of Pennsylvania yesterday entered the race for the Republican presidential nomination with a frontal assault on the ideas and influence of the religious right. Speaking on the steps of the Lincoln Memorial, commemorating the most illustrious Republican president, the 65-year-old senator offered his own Contract with America. But his nine commitments to conservative orthodoxy paled in comparison with his final promise "to champion tolerance and freedom, including a woman's right to choose". "Let me say it as plainly as I can: Neither this nation nor this party can afford a Republican candidate so captive to the demands of the intolerant right that we end up re-electing a president of the incompetent left." Mr Specter, given little chance of winning the nomination, attacked Mr Pat Buchanan, already in the race on a promise to ban abortion, and leaders of the Christian Coalition movement. *Jurek Martin, Washington*

Guatemalan killings to be reviewed

President Bill Clinton has ordered an independent oversight board to conduct a government-wide review of allegations surrounding the deaths in Guatemala of a US citizen and a guerrilla married to a US lawyer, Mr Mike McCurry, White House spokesman, said. The review would look at "any and all aspects" of charges surrounding the death of a Guatemalan hotel keeper Mr Michael Devine, and a leftist guerrilla commander, Mr Efraín Bamaca Velásquez, who was married to a US lawyer. Last week, US congressman Robert Torricelli alleged that Col Julio Roberto Alpirez, a Guatemalan officer who was on the Central Intelligence Agency payroll at the time, had ordered the killings, and that the CIA had concealed its knowledge of the cases for years. *Reuter, Tallahassee*

CIA pays $1m to women officers

The US Central Intelligence Agency said it would pay nearly $1m (£630,000) to settle discrimination charges by more than 300 female officers in its clandestine spying division. Lawyers for the agency and women in the Directorate of Operations were due to sign an agreement yesterday, the CIA said in a statement. The settlement includes $990,000 in back pay, 25 retroactive promotions, 14 reassignments and 15 transfers back to case officer status for women who had changed jobs. It also calls for the CIA to undertake policy and procedural changes so as to ensure equity in the future, including increased feedback, better training to help managers deal with a diverse workforce, and monitoring of future promotion rates. *Reuter, Washington*

Newfoundland's business package

The government of the Canadian province of Newfoundland is offering businesses willing to set up there big tax incentives, large tracts of undeveloped Crown land almost free, and start grants of $2,000 (£895) for each permanent job created. Mr Clyde Wells, Newfoundland premier, was in Washington yesterday publicising what he called "perhaps the most aggressive business incentive programme in North America". It includes 50-year leases on undeveloped Crown land. At the end of the lease, companies may buy the land for $1. *Nancy Dunne, Washington*

Scant change as UN 'takes over' in Haiti

US success story sees Kevlar helmets off, blue berets on, reports **George Graham**

Six months after US troops landed in Haiti to oversee the return of President Jean-Bertrand Aristide and the departure of the military junta that had ousted him, the United Nations will today formally take over responsibility for the country.

Little will change in reality. US General Joe Kinzer will command the new UN peacekeeping force, and around 2,500 of his 6,000 troops will be from the US. "It'll be a simple matter of taking a Kevlar helmet off and putting a blue beret on," says Gen John Sheehan, commander in chief of the US Atlantic command.

In comparison with Somalia the Haiti operation has been astonishingly successful. Last minute negotiations led by former President Jimmy Carter persuaded Gen Raoul Cédras, the Haitian military dictator, to leave last September without the need for a forcible invasion. Since then, only one US soldier has been killed in Haiti, although three more committed suicide.

After the bitter US experience in Somalia, that alone is enough for President Bill Clinton to celebrate when he visits troops today and delivers an address to the Haitian people from the steps of the national palace. The operation's success has blunted opposition from Congress, which initially threatened to cut off funding for the US presence.

But Mr Clinton will make only a hurried, one-day trip, and the triumph is distinctly muted.

Haiti is far from a paradise of peace and freedom. Criminal violence is rampant, and the killing on Tuesday of an opponent of President Aristide showed that its tradition of political violence has not ended. US officials insist the foundations of change have been laid.

President Clinton addresses Haitians from the steps of the national palace today

That will make possible parliamentary elections in June and a presidential election in December, before the UN mission departs next March.

"A brutal military dictatorship is gone and a democratically elected government is restored. Haiti today is a nation where people are building roads to get to market rather than boats to escape terror," says Mr Sandy Berger, deputy national security adviser at the White House.

Mr Berger says the US has got its money's worth from the $900m it has spent on Haiti in the last six months: it has stopped the flood of Haitian boat people, removed a military dictatorship on its doorstep and kept its word to restore democracy.

In Haiti, however, there are many who are disappointed the US has not taken a more active role in policing the country, rebuilding its infrastructure and disarming its factions and political gangs.

Gen Sheehan says US forces have taken around 29,000 weapons off the street, and an interim police force is in place. "Clearly they are not the equivalent of Scotland Yard, but they are getting better," he says. Perhaps more important, he says, there is no military power left in Haiti, although there are extremist groups ready to use violence. But the US deliberately tried to avoid getting bogged down in day to day police work, as it did in Somalia.

With Haiti now restored to membership of the International Monetary Fund and the World Bank, and with $1.2bn of international aid pledged over the next 18 months, economic reconstruction is also under way. About 40 US companies have returned to the country, and White House officials hope 200 will eventually go back. Haiti has also begun to privatise electrical, telecommunications and port sectors.

Yet the US's relative success has done nothing to improve popular or congressional enthusiasm for this kind of intervention in other trouble spots around the world.

White House takes aim at spending cuts

By George Graham in Washington

The White House took aim at Republican plans to cut government spending, as the Senate prepared to vote last night on a first $13bn (£8bn) bite out of the federal budget.

President Bill Clinton had already threatened to veto a bill, passed by the House of Representatives, which would have cut $17bn of spending already authorised for the current fiscal year.

Senate leaders had hoped to avert a veto by restoring some of the House's cuts in programmes to help low-income families with housing and heating expenses.

However, the White House Office of Management and Budget said that the Senate version of the rescission bill under debate yesterday was still unacceptable.

"The administration does not believe that sound programmes, particularly those aimed at the disadvantaged and those that will ensure our nation's pre-eminent standing in science and technology, should be cut," the OMB stated.

The row over the rescission bill, which is coupled to a smaller amount of extra emergency spending on disaster relief, presages much bigger future battles between the administration and the Republican-controlled Congress over spending priorities.

Democrats have so far won several skirmishes in the current political battle over spending cuts, successfully portraying the Republican plan as an effort to take money away from poor children in order to pay for tax cuts for the wealthy.

In response to this claim, the Senate voted 99:0 in favour of an amendment proposed by Senator Robert Byrd, a Democrat from West Virginia, ensuring that none of the savings may be used so as to finance the Republican party's tax cut package.

The Robin Hood theme has drawn blood, and many Republicans, even in the House, have urged that their party's tax cut should be limited to families with incomes below $90,000.

The Senate rescission bill proposes to cut $1.5bn from job training services, less than the House's $2.2bn.

It salvages the $1.3bn Low Income Home Energy Assistance Programme, or Liheap, which the House wanted to kill.

Liheap has been a symbolic battleground for years. But members from the chilly north-east have rescued it again and again, joined now by senior Republican senators who are seeking presidential primary votes in New Hampshire.

On the other hand, the Senate calls for slashing of spending on airport grants and the development of a magnetic levitation railway.

The Senate bill proposes $6.7bn of extra money to help the Federal Emergency Management Agency cope with unforeseen disasters, where the House planned only $5.5bn.

Offsetting that, the Senate bill would rescind $13.5bn in previously authorised spending, compared with the House's $17.4bn.

Baby Bells forced to charge less

The Federal Communications Commission yesterday agreed to new rules that are expected to cut by $500,000 (£312,500) a year the amount local US telephone com panies may charge long-distance providers for access to their networks, writes George Graham in Washington.

The commission voted 4:1 to change the formula for the price caps it imposed four years ago on the seven Baby Bell companies and a handful of other local service providers. The Baby Bells were created by the break-up of the old AT&T and hold near-monopolies on local telephone service in their regions.

The new rules will lower the access charges the Bells levy on long-distance telephone companies, estimated to total around $21bn (£13.1bn) a year and to account for roughly 40 per cent of the cost of a long distance telephone call.

Also, a one-off reduction of 2.8 per cent will be imposed on companies which have been exceeding the price caps, cutting another $500,000 from access charges this year.

The price cap formula governing access charges is based on the gross national product price index, lowered by a factor reflecting productivity gains by the local telephone companies and adjusted for any external elements such as changes in the law or court decisions.

The new formula would increase the productivity factor, but give companies a choice between accepting a much higher productivity factor with no limit on their rate of return, or an only slightly higher factor with tougher earnings limits.

Darwin: Asian gateway or northern outpost?

Federal Australia, while becoming more trade conscious, is still ambivalent about the 'top half' of the country, writes Nikki Tait

At first glance, it seems entirely sensible that Darwin, the port town perched at the northern tip of central Australia, should be home to the country's only fully-fledged trade development zone.

Much of Australia's trade policy is focused on the neighbouring Asia-Pacific region, the destination for two-thirds of exports. Moreover, Paul Keating, Australia's prime minister, has said that no relationship is more important for his country than that with Indonesia, its nearest Asian neighbour. Darwin is closer to Singapore than Sydney, and a flight to Bali's Denpasar takes just over two hours.

But the trade zone has had a troubled past and faces an uncertain future. While partly the result of some self-inflicted wounds, it also reflects a federal ambivalence about how the vast "top half" of Australia should be developed and what role, in particular, Darwin should play as a trade "gateway" to East Asia.

The equivocation is understandable. If a line is drawn across the 26th parallel, 46 per cent of Australia's land mass (roughly the size of the US) lies to the north. While it contains just 6 per cent of the population, or 1m people, it contributes about 28 per cent of the nation's exports and contains some developments that could bear significantly on future trade performance. These include the large Century and MacArthur river mines; the rapidly-expanding horticultural district around the Ord river; and the prospective Timor Sea oil and gas exploration industry centred on Darwin itself.

In late 1993 a high-level committee was set up to look into "the feasibility and potential" for Darwin to "develop as Australia's northern link to East Asia".

Trade policy is focused on the neighbouring Asia-Pacific region

The committee will report in about eight weeks, but already some Northern Territory locals are becoming nervous about its conclusions. "I think it will offer practical solutions which are achievable," is the careful comment from Michael Kilgariff, at the Northern Territory Chamber of Commerce. But he adds quickly: "People in the territory do think they're being ignored, which explains why the NT government went out and established links for itself. We're going to find our own way in the world."

Nowhere is interest in the report's findings more acute than at the Trade Development Zone (TDZ) itself. The 200ha industrial estate, just outside central Darwin, was incorporated by the local territory government in 1985, and modelled on other such zones.

From the outset, it had problems. Although it was able to offer relief from state duties and charges and bonded warehousing facilities, Canberra's wariness of state-based development areas meant that there were no federal tax breaks.

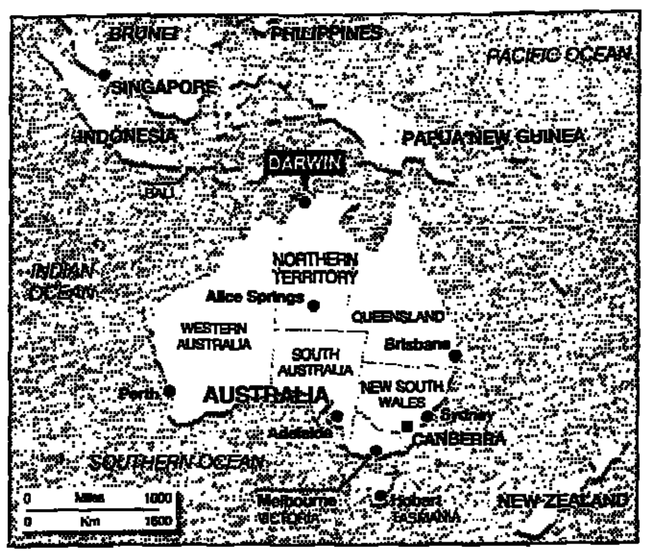
Worse, the local authorities' eagerness to encourage inward Asian investment lured a handful of Chinese/Hong Kong-based garment manufacturers into the area. Soon, there were allegations that labour was being employed at below union rates and that immigration rules were being breached. When recession descended, a number of businesses collapsed. Today, virtually all the original inhabitants of the TDZ have departed.

After lying low for a while, the TDZ has reset its sights, this time targeting small or medium-sized companies involved in the export/import business and mainly of Australian extraction.

Already, its range of tenants include some encouraging prospects. Transglobal Marketing, for example, is a small business formed by Pakistani-born Sakib Awan, which has developed a A$1m-plus trade in seafood products such as sea cucumber and shark fin. Australian Rural Exports offers veterinary consultancy services, aimed partly at the cattle traders who ship hundreds of live animals a week from Darwin to Indonesia, the Philippines, and Brunei.

But the majority of tenants say that a big issue is whether the authorities now make a commitment to improving infrastructure, in particular transport, needed to offset the limitations of Darwin's small local market.

One frequent complaint is that it costs less to ship freight from Adelaide or Melbourne to Singapore, than from Darwin. This is put down to local service limitations but it makes nonsense of the northern port's geographical advantages.



For Mr Kilgariff, one of the biggest issues is whether the committee will recommend the oft-mooted rail link between Darwin and Alice Springs, costed at about A$1bn (£475m). "Until then, we can't develop the notion of a gateway to Asia," he says bluntly.

At present, the rail line from Adelaide ends in Alice, leaving a near-1,500km stretch of country covered only by a two-lane highway.

In 1984, a report dismissed the rail project as unjustified and a potential "misallocation of the nation's funds". That was, however, before Australia abandoned its protectionist policies and sought to encourage an export focus in its manufacturing sector.

For the moment, the Darwin committee itself is saying little, although officials say that, in looking at the benefit to northern Australia of expanding Darwin's trade role, it also expects to include a cost-benefit analysis for the southern states.

One Darwin-based official at Austrade, the federal trade agency, sums up the problem. "We have to recognise that we're in a developing part of the country. The problems of the Northern Territory are a subset of those of Australia."

Brazil doubles tariffs on imported cars

By Angus Foster in Brasilia

Brazil has raised import tariffs on cars and nearly 100 other consumer items to 70 per cent amid mounting concern about the country's trade and current account balances following Mexico's financial crisis.

This is the second increase this year for car tariffs after a period of see-sawing duties. Last October the duties were reduced from 35 per cent to 20 per cent but in February, following several months of trade deficits, tariffs on cars were raised to 32 per cent.

Government ministers said the emergency increases did not mark a reverse in Brazil's five-year-old economic and market opening reforms. The increases would be reviewed after a year.

Brazil's trade balance has been in deficit since last November, when an overvalued Real and government efforts to stimulate competition led to a sharp increase in imports. In the first two months of this year the deficit totalled $1.39bn and the import bill for cars alone last month reached $655m.

Although the measures were criticised by importers and some economists, most analysts agreed the government had little choice. Devaluing the Real, still seen as overvalued despite a 7 per cent fall this month, could stoke inflation, which is already accelerating.

Brazil also feared that a proposal for an across-the-board tariff rise for the Mercosur customs union of Argentina, Brazil, Uruguay and Paraguay would be inflationary. Brazil initially agreed to the idea but at a meeting of the four partners yesterday, Brazil was expected to ask that Argentina raise its tariffs unilaterally.

Brazil's tariff increases were mainly aimed at luxury products which should not have an immediate impact on consumer inflation indices. But imports have kept a lid on domestic prices since the Real's launch last year and Brazilian manufacturers may now try to raise prices.

The government yesterday was also criticised for interfering with the Mercosur customs union tariffs, which only came into effect on January 1. The government said Brazil's Mercosur partners had been informed of the increases.

Siemens poised for $1.6bn deal

By Manuela Saragosa in Jakarta

A consortium consisting of Siemens of Germany, a unit of Indonesia's Bimantara group and PowerGen of the UK is poised to win a contract to build, own and operate Indonesia's second large-scale private power project worth some $1.6bn.

The Paiton II project involves the construction of two coal-fired power stations, with a capacity of 610MW each and will be built in East Java, one of Indonesia's fastest growing industrial regions. The units are scheduled to come on stream in 1999.

The contract is due to be signed at the world trade fair in Hanover, Germany, next week. Paiton II will be 50 per cent owned by Siemens, 35 per cent by PowerGen and 15 per cent by Bimantara, an Indonesian conglomerate controlled by Mr Bambang Trihatmodjo, President Suharto's son.

The consortium has agreed to sell electricity to Indonesia's state-owned electricity company PLN at $0.065 per kilowatt hour in 1999 for 30 years. This is significantly lower than prices agreed in the Paiton I 1,230MW coal-fired project, signed in November last year between PLN and a consortium of companies made up of Mission Energy Company, an affiliate of Southern California Edison, General Electric Company, Mitsui and Indonesia's PT Batu Hitam Perkasa.

The prices negotiated for Paiton I, Indonesia's first large-scale private power plant, were agreed after two and a half years of long, arduous discussions and were intended to set a precedent for other private power projects in Indonesia.

The consortium led by Mission Energy Company agreed to sell electricity to PLN at $0.0856 for the first six years, $0.0841 for the following six years and $0.0554 for 18 years thereafter.

Paiton II's pricing arrangement is lower partly because building and equipment costs have fallen. The contract for the Paiton I project, valued at $2.6bn, was negotiated at a time when equipment prices were higher. Paiton II will make use of a number of facilities which the Paiton I consortium is constructing as part of its contract.

WORLD TRADE NEWS DIGEST

GM signs car deal in Vietnam

General Motors has signed an agreement with a Vietnamese partner to sell Opel cars in Vietnam, joining a growing number of foreign car makers interested in the Vietnamese market. Saigon General Service Company, based in Ho Chi Minh City, will sell the cars, which GM plans to use as its main brand in Asia.

However, industry experts warn that sales of imported cars, now modest at 2,500 a year, could dip following a government decision to reinstate imports of second-hand cars. Vietnam is expected soon to decide how many foreign manufacturers it will allow into the country.

Several hope for licences to manufacture or assemble trucks and cars, including Toyota of Japan, Chrysler and Ford of the US and Peugeot of France, which announced earlier this month that it will invest $30m in a car production plant just outside Hanoi. *Our Hanoi Correspondent*

■ Two US wind power companies are to invest $195m to build two wind power plants in Inner Mongolia. FloWind Capital of the US and Inner Mongolia Electric Power are to form a $85m joint venture to build a 110MW wind power plant while California-based ZOND Systems and the local power company have signed a separate letter of intent for a $110m wind project. *Reuter, Beijing*

■ BellSouth's Chilean subsidiary will extend its long-distance service to the whole country tomorrow. BellSouth Chile has provided a service only in metropolitan Santiago, the nearby coastal Fifth Region and in the southern towns of Curico and Talca. The company will lease facilities from other companies in some areas in order to service all of Chile. *Reuter, Santiago*

■ Toyota Australia has signed an export agreement, worth A$400m (US$291m) a year, to ship Camry cars to six Middle East countries. About 16,000 vehicles will be delivered to Saudi Arabia, Oman, the United Arab Emirates, Bahrain and Qatar in the first year and about 20,000 a year thereafter. *Nikki Tait, Sydney*

■ ABB Asea Brown Boveri, the world's largest power engineering group, has won contracts worth more than $200m to supply nuclear reactor equipment for the fifth and sixth units of the Yonggwang power plant in South Korea's Chonnam province. The group's US subsidiary, ABB Combustion Engineering Nuclear Systems, will provide engineering design and components for two 1,000MW light water nuclear steam supply systems and associated nuclear technology. *Ian Rodger, Zurich*

■ The US government's privately managed Hungarian American Enterprise Fund has invested $1m in Hungary's first business to establish automated teller machines nationwide. Bank 24 wants to set up 400 ATMs by 1998, hoping to spark a minor revolution in cash-only Hungary. *Reuter, Budapest*

Pope issues right-to-life call to arms

By Robert Graham in Rome

Pope John Paul II yesterday locked the Roman Catholic Church into a series of uncompromising positions on sensitive right-to-life issues ranging from abortion and birth control to genetic manipulation and the death penalty.

The Vatican's position was spelled out in a long awaited encyclical on the "value and inviolability of human life". This was the 11th encyclical since the Pope's election in 1978 and it reaffirmed his profoundly conservative views on these issues which divide many Catholics.

The Polish pontiff's views were already well known but the encyclical's language leaves no room for doubt. Further, the document appears to go further than the Vatican's position at last year's United Nation's population conference in Cairo. It declares that any government that legislates in favour of abortion has no right to do so and the laws thus lack any juridical value.

It adopts an activist tone, calling on citizens to take action and protest against laws which legalise abortion and euthanasia – language which could inflame the violent US abortion clinics controversy.

According to Vatican observers, Pope John Paul appears determined to ensure that the encyclical binds any successor to follow this line.

The text states: "With all the authority that Christ conferred on Peter and his successors, in communion with the bishops, I declare that direct abortion – that is sought as a means and an end – always constitutes a serious disruption of the existing moral order, being the deliberate murder of an innocent human being...

"No law anywhere in the world can make legal what is intrinsically illegal as it is against the law of God, written in the heart of every human being... and proclaimed by the Church."

The view on contraception is also firmer, regarding it as a purely "egotistical" practice. Relating this to birth control programmes to hold down population growth, the language is both colourful and extreme. It talks of "not a few potentates of this earth" who behave like latter-day Pharoahs (who ordered the massacre of the first-born Jews). They seek to head off population growth because they fear the proliferation of poor people will interfere with their well-being.

The text also rejects any resort to artificial insemination since this separates the process of conception from the "conjugal act".

On genetic manipulation and bio-ethics in general, the Vatican's strictures are likely to do little to help solve the already complex frontier between science and religion.

The document shows the Church is moving toward backing a ban on the death penalty.

Uncompromising: the Pope signing the encyclical *Reuter*

As late as 1992 the Holy See recognised the right of governments to impose the death sentence. But yesterday's text indicated the Pope was close to accepting that individuals had the right to be redeemed from such punishment.

Campus turmoil in apartheid aftermath

Michela Wrong reports on universities in search of the new South Africa

It has been a typical week in South Africa's academic institutions. At a campus in Soweto students opened firehoses and flooded the grounds. In KwaZulu-Natal a rector was held hostage in his office. In Free State, security forces fired birdshot at a crowd advancing on a college office.

Scarcely a day goes by without an incident on the country's campuses, ranging from the "trashing" of a building to stone-throwing between white and black student factions.

Tensions were running so high last week Mr Sibusiso Bengu, education minister, published an appeal decrying the "racist overtones" of the crisis and calling on students and university authorities to show restraint. When that fell on deaf ears, he hardened his tone, saying he would not allow the country's universities and colleges to be destroyed and disclosing that the police commissioner and security minister had been ordered to take strong action.

The turmoil, bubbling for months, centres on "transformation", a buzzword signifying the overhaul of the councils running the colleges and universities. With a majority government in power, student activists believe the old management structures, dominated by "white males" appointed under apartheid, are an anachronism. They want employees and students to have a say in day-to-day management.

But "transformation" goes far beyond the issue of seats on councils. At the heart of the debate, and explaining the increasing hostility between black and white students, is the whole issue of access to tertiary education, regarded as the key to self-advancement in a country where unemployment is 29 per cent.

Although 38 per cent of South Africa's 320,000 university population are black, most attend the "ethnic" universities and technical colleges set up for the "Bantu" (the apartheid government's patronising term, meaning "people") under 1959 legislation. They are regarded as producing second-class degrees with little value for future employers. So the push is on for places at élite English-language universities such as the University of the Witwatersrand (UW) in Johannesburg or the University of Cape Town (UCT).

Once enrolled, black students coming from the chaotic township schools, blighted by boycotts, often find it impossible to keep up. The universities, while clinging grimly to academic standards that ensured their degrees were recognised abroad, have tried to adapt by offering catch-up tuition. But activists argue that such gestures are not enough to compensate for years of neglect and want ever greater concessions.

"What they want is infinite tolerance so that those who have enrolled can keep on taking courses until they pass," says Mr Tom Lodge, professor of politics at UW. "But that's a waste of resources."

The debate pits the whole notion of academic excellence against the pressures of development. Academics argue that South Africa must avoid going the way of third world universities which end up as glorified secondary schools training low-level civil servants.

"Their view is that the university must be able to compete with Oxford," says Mr Sibusiso Zulu, head of the South African Students' Congress at UW. "But we don't believe Britain would want to compete internationally at the expense of the mass of its population."

Ms Helen Perry, from the Centre for Educational Policy Development, says it is time to redefine academic success: "It's going to have to start meaning other things – the extent to which universities contribute to urban and rural development, for example."

Some of the first victims of the crisis have been liberal universities such as UW that once played prominent roles in the struggle against apartheid. Academics who championed black rights are now being dismissed as patronising and paternalistic.

"Transformation goes a step further than being liberal and sympathetic. It means accepting the fact that the disadvantaged have a role in decision-making," says Mr David Maepa, an educationalist. "Now that the issue is actually on these academics' doorstep we find it's a different ball game altogether."

Meanwhile the white middle classes are seeking out safe niches. The Afrikaans-language universities, where black numbers are low and the political climate apathetic, are suddenly in demand among English-speaking students.

"I sympathise with the black students' demands but in today's job market it's each for himself," says one English-speaking student at Rand Afrikaans University.

The government, more concerned until now with conditions in schools, faces a dilemma as it sets up a commission to rule on tertiary education. It must halt the disintegration of the universities, while avoiding alienating a generation of angry young blacks that played a part in bringing it to power.

Climate fears lead to pact by insurers

By Karen Fossli in Oslo

A group of big European insurers and a UK pension fund manager yesterday announced an "active management" pact that will identify concrete solutions to environmental risks.

The agreement implies that environmental protection will be an essential criterion in their operations and that they will set premiums according to customers' environmental performance.

The insurers believe that natural catastrophes are linked to global warming and are alarmed about the potentially devastating financial losses linked to a long list of environmental issues ranging from the impact of climatic changes to risks of contaminated landfills.

The world's six largest storm catastrophes between 1987 and 1993 resulted in the insurance sector paying an aggregate $36bn in compensation, Uni Storebrand, Norway's biggest insurer, said.

Backing the initiative is the United Nations Environment Programme (UNEP) which gave Uni Storebrand a mandate to organise the enterprise.

Other insurers involved include General Accident, one of Britain's largest insurers, Gerling of Germany and Swiss Re, two of the world's largest reinsurance companies and National Provident Institution, a UK pension fund manager.

The group, which comprises the UNEP steering committee on the initiative, is holding talks to sign up a further four big international insurers but aims to rapidly obtain the signature of 50 others.

Ms Elizabeth Dowdeswell, executive director of UNEP, who was in Oslo at the signing, said the group's statement would include commitments to integrate environmental risk into casualty insurance, life and pension savings, investment and real estate management as well as a pledge to use environmental check-lists in daily operations.

INTERNATIONAL NEWS DIGEST

Aids hope after HIV boy's 'cure'

Medical researchers were encouraged yesterday by evidence that the body can sometimes rid itself of infection by the Aids virus (HIV). Aids specialists at the University of California, Los Angeles, published in the New England Journal of Medicine what they said was the first well documented case of a baby who showed clear signs of infection soon after birth and none at all when a year old. The boy, whose mother is HIV-positive, remains uninfected at the age of five.

Many scientists had assumed that HIV was a lifetime infection, because of the way the virus establishes itself inside the nucleus of blood cells. Although the UCLA researchers do not know how the boy's immune system managed to get rid of the virus, they say it could point the way to developing better drugs or a vaccine against Aids. The report follows a discovery by Oxford University scientists last January of three Gambian prostitutes whose immune systems also showed signs of having eradicated HIV infection. But their evidence was not as conclusive as that of the UCLA researchers. Dr Yvonne Bryson, head of the UCLA team, warned Aids patients not to cling to the remote hope that their infections too could disappear. "It's probably a rare event but it may be more common than we recognise," she said. *Clive Cookson, Science Editor*

US urges tougher line on Libya

The US yesterday called on the United Nations Security Council for tougher sanctions against Libya that stopped short of proposing an oil embargo. However, a spokesman for Ms Madeleine Allbright, the US ambassador, indicated that the Clinton administration had not abandoned the idea, despite opposition from European members which import large quantities of Libyan crude. Yesterday's closed-door meeting was the council's ninth review of sanctions imposed to increase pressure on Colonel Muammer Gadaffi to hand over two Libyan intelligence men accused of planting the bomb that destroyed a Pan Am aircraft over Lockerbie, Scotland, in 1988, killing 270 people. *Michael Littlejohns, New York*

Hutus flee refugee camp terror

Some 40,000 Rwandan Hutu refugees fled from camps in northern Burundi toward Tanzania yesterday, terrified of ethnic violence which has killed hundreds in recent days. "The camp (Magara) is completely empty and thousands more could leave from neighbouring camps over the next couple of days," said Ms Dominique Boutriot, of Médecins Sans Frontières. Refugees fear attacks on the camps following an assault on Majuri camp on Monday in which 12 Hutus died. *Reuter, Ngozi, Burundi.*

Sale of cut-price shares halted

The government of Cameroon has cancelled the sale of shares in the state cotton company – one of 15 due for privatisation. The shares had been sold within government circles at a fraction of their value. Officials said foreign donors had been putting President Paul Biya under pressure to annul the sale, which they said risked scuppering a new International Monetary Fund standby agreement expected to be signed by July. *Reuter, Yaounde*

■ Yemen has devalued the official exchange rate for the rial from 12 to the dollar to 50. Yemen has several exchange rates; the official one is used at banks and customs departments. *Reuter, Sanaa*

■ Sudan's largest southern rebel group, the SPLA, declared a two-month ceasefire after the same step by Khartoum and called for international monitors. *Reuter, Nairobi*

Beijing assails US loan threat

China yesterday hit back at US claims that it no longer merited access to the World Bank's cheapest credits, calling the soft loans essential and irreplaceable in its war on poverty, pollution and backwardness, Reuter reports from Beijing.

"In accordance with the World Bank's principles on the distribution of soft loans, China is fully qualified to enjoy its due share of World Bank soft loans," a Foreign Ministry spokesman said.

Mr Lawrence Summers, US treasury under secretary, said on Monday the World Bank was likely to cut off China from the lowest-cost loans offered by its concessional lending arm, the International Development Association.

Citing the vibrant Chinese economy's ability to attract commercial capital, Mr Summer said he would be "very surprised" if the World Bank continued to find China eligible for soft loans after the current $18bn IDA programme expires on June 30, 1996.

IDA, funded by the US and its rich allies, lends without interest charges to the poorest countries – those with average per-capita incomes below $835. China, with 1994 per-capita GNP of $490, has been a heavy IDA user, borrowing $925m (£581m) in 1993-94.

Mr Pieter Bottelier, World Bank Beijing mission chief, has said no decision had been made on the proposed Chinese cut-off and further talks were needed among donor countries. Diplomats in Washington said World Bank managers appeared to support the US move but warned that Japan could be expected to support China, as it has done in the past.

World Bank commends Indonesia

By Manuela Saragosa in Jakarta

The World Bank's vice-president for the Asia-Pacific, Mr Russell Cheetham, has commended Indonesia's prudent economic management and said the bank will continue to extend soft loans to the country, which has one of the developing world's largest debts.

"Both the president and I recognise the importance of continued prudent macro-economic policies," Mr Cheetham said after meeting President Suharto to discuss implications of the devaluation of the Mexican peso following a balance of payments crisis there. "Indonesia has dealt with problems decisively and in an effective manner," Mr Cheetham said.

However, he warned that the country must be prepared to deal with "unexpected events" to avoid a Mexico-style crisis. Indonesia foreign debt stands at about $87bn (£55bn) but could be nearer to $100bn following appreciation of the Japanese yen, in which some 40 per cent of Indonesia's foreign debt is denominated.

Although the country has never defaulted on or rescheduled its debt repayments, there was concern that Indonesia might devalue its currency in the wake of the Mexican crisis because of its large debt. President Suharto ruled out a devaluation at the time despite strong pressure on the Indonesian rupiah.

Mr Cheetham said the World bank would continue to support the economy of Indonesia, which is one of the World Bank's largest clients, with soft loans. The bank pledged $1.6bn aid to Indonesia in 1994.

Japan's social order jolted by shooting

By William Dawkins in Tokyo

The Japanese government yesterday promised to clamp down on law and order after the attempted assassination of Japan's most senior policeman, believed to be linked to last week's nerve gas tragedy.

Mr Takaji Kunimatsu, commissioner general of the National Police Agency, was shot in the back outside his apartment in a northern suburb of Tokyo, as he left for work. He had no bodyguard, and the masked assailant escaped, unchallenged, on a bicycle.

Kunimatsu: shot in the back

Mr Kunimatsu, in critical condition last night, was in charge of the inquiry into the gas attacks on the Tokyo subway. An anonymous telephone caller told TV Asahi, a leading television station, that Mr Kunimatsu's deputy and the cabinet office security chief would also be attacked unless police halted their search of Aum Shinri Kyo, the cult being investigated for production of nerve gas and kidnapping. Aum Shinri Kyo denied any connection with the shooting.

Mr Hiromu Nonaka, chairman of the national public safety commission, said the shooting was "possibly linked" to the subway gas attack. The National Police Agency office is opposite the main entrance to Kasumagaseki subway station, the focus of the gas attacks.

After the shooting Mr Kozo Igarashi, the chief cabinet secretary and government spokesman, said it was "very regrettable" that Japan's social situation was worsening. This was a blow to Japan's reputation as a country where terrorist attacks are rare, he said.

Police reinforce a fog-shrouded checkpoint near the Aum Shinri Kyo headquarters yesterday Reuter

Mr Kunimatsu is the only police executive to have been shot in Japan since the end of the second world war. He is a powerfully symbolic target; his role includes responsibility for the personal security of Emperor Akihito, Japan's head of state.

The ease with which the shooting was carried out is likely to weaken faith in the government bureaucracy, when the authorities are already under fire for their slow reaction to January's earthquake in Kobe and the lack of arrests 10 days after the nerve gas attack.

Mr Kunimatsu was involved in drafting a law, three years ago, to curb gangsters' habit of extorting cash from companies in return for not disrupting shareholders' meetings, prompting police to consider gangsters as a second line of inquiry.

● The president of one of Japan's largest banks admitted yesterday his company had been involved in the management of a scandal-tainted financial institution that collapsed last December, Gerard Baker writes. Mr Tetsuya Horie, president of Long Term Credit Bank of Japan (LTCB), told the budget committee of the House of Representatives that his bank had made efforts to improve the operations of the Tokyo Kyowa credit association. His remarks appeared to contradict his earlier statements that LTCB did not have a managerial relationship with Tokyo Kyowa or its president.

● The ruling parties of Japan and North Korea yesterday signed a declaration urging their governments to restart efforts to normalise diplomatic relations, Pyongyang's official news agency said, Reuter reports from Tokyo.

● A Tokyo court ruled yesterday that the 1992 dismissal of a HIV-positive employee by a computer software company was invalid, and ordered it to pay Y6m (£42,000) compensation and additional unpaid salary to the employee, Kyodo reports from Tokyo.

Deregulation plan likely to disappoint

By Gerard Baker in Tokyo

The Japanese government is likely to disappoint consumers, business groups and its foreign trading partners today when it unveils a package of deregulatory measures that will stop well short of a full liberalisation of its heavily-regulated economy.

More than 1,000 detailed proposals to relax rules concerning production and distribution of everything from cars to contact lenses are expected to be announced with a view to implementation within the next five years. But they will differ little from proposals announced by the government two weeks ago which were greeted with a conspicuous lack of enthusiasm by both the EU and the US.

The measures were called for last summer by the coalition government headed by Mr Tomiichi Murayama, the prime minister. Since then all ministries have been preparing measures for inclusion in the package.

Japan's economy is among the most highly regulated in the world, and the panoply of rules is widely regarded by economists as deeply damaging to the country's long-term growth prospects, since it distorts the operations of markets and stifles consumption. The regulations are also attacked by foreign companies and governments because they make it harder to export to Japan.

It is believed the package to be unveiled today will restate the government's commitment to the principle of further deregulation and will include a range of proposals to strengthen anti-monopoly laws.

The measures will include action to make it easier to import farm products, cars, construction materials, pharmaceuticals and medical equipment into Japan. They will also improve access to the legal system and open up some smaller financial markets.

But most of the more important measures called for by foreign companies and governments will be notably absent, including revisions to the widely-despised retail law which raises distribution costs, changes to commercial law that dictate the structure of companies, and substantially improved access to financial markets.

There is also likely to be disappointment at the pace of the liberalisation proposed. Many laws are scheduled only to be "reviewed" with no requirement for a firm decision on reform for at least five years.

Recovery may falter because of yen's rise

By William Dawkins

Japan's economic recovery may falter in the months ahead because of the yen's sharp rise, an official of the Ministry of International Trade and Industry (Miti) warned yesterday.

Industrial production picked up by 1.9 per cent from January to February, recording a 7.3 per cent gain over February 1993, Miti reported yesterday. That more than makes up for a 1.5 per cent month on month fall in January, caused by the earthquake which temporarily crippled much of the Kansai region, Japan's industrial heartland.

But the yen's increase, by 13 per cent against the dollar so far this year "is expected to have very bad effects in the coming months" and could "put a damper on the overall economy," said Ms Harumi Takahashi, Miti's head of statistics. Miti's gloom reflects its eagerness for the Bank of Japan to cut interest rates, to stimulate industrial activity, believed to be held back by high real borrowing costs as well as the yen's rise.

The strong yen would constrain exports, business confidence and corporate investment, she said. A rise in cheap imports would erode consumers' appetite for higher priced goods and hence weaken the growth in domestic demand, she added.

Another warning sign for future output was a rise in stocks of unsold goods, up by 0.3 per cent in February, the second monthly increase running. Industrial production could fall if inventories rise significantly, warned Mr Dick Beason, senior economist at James Capel Pacific.

Taiwanese banks face up to reality

Tighter supervision rules could lead to balance sheet strains, reports Laura Tyson

Taiwan's strict new rules for reporting bad loans should soon reveal just how much the banking sector has been hurt by the island's ailing property market.

Some banks have been able to hide their true position and pessimists fear a few might even be forced into bankruptcy.

Under stiffer criteria for calculating non-performing assets, banks can no longer conceal past due accounts or finesse them entirely. The measures took effect at the end of last year and the first figures will emerge shortly.

"The new criteria are much stricter than before, so bad loan ratios will be significantly higher," said Mr Tsai Ching-nian, director of the finance ministry's bank examination division. "We will check whether banks have set aside adequate reserves, and if not we will ask them to increase provisions against overdue loans."

Previously the central bank and the ministry of finance, whose regulatory purviews occasionally overlap, each had its own set of rules which banks were required to follow in reporting their accounts. The finance ministry's tougher standards have been adopted to improve supervision of the financial industry, which has been transformed by deregulation in recent years.

"Before, because of the differences between the two formulas, banks had room to manipulate their balance sheets," said Mr Eli Hong, executive vice president of Taipei Business bank. "We hear some banks have been massaging their figures. Given the bad shape of the real estate market, we could see some institutions go bust."

Several important changes have been made in the way arrears are computed. Overdue mortgage loans must now be included, whereas before they were exempt. Any loans which were refinanced after discussions with the borrower must now also be included. Loans which were not paid because of bankruptcy must now be added into the equation. Once a customer falls behind in interest payments on a medium or long term loan, the bank must report to regulators. Before, this only appeared in the accounts once the borrower fell behind on the principal.

Taiwan's once-sleepy banking sector, dominated by state-run institutions, gained 16 aggressive new entrants in 1992 after a three-decade ban on new domestic banks. This, combined with Taiwanese banks' recent forays into overseas markets and liberalisation before the island's entry into the World Trade Organisation, has intensified competition and heightened risk.

Most of the problem loans are related to the construction industry, bankers and analysts say. The property market has been depressed since Taiwan's asset inflation bubble burst in the late 1980s after share prices spiralled and property prices tripled in a few years.

According to government figures, there are some 850,000 empty units – residential, office and commercial - around the island.

"Taiwan's real estate market runs in seven-year cycles, so normally we could expect a recovery to begin this year," said Mr Daniel Chen, chief economist at Chinatrust Commercial bank. "But given the current oversupply, political uncertainty surrounding upcoming elections and concerns over Deng Xiaoping's (China's paramount leader) health, we'll have to wait until at least 1997." Taiwan will hold legislative elections later this year and its first presidential elections in March 1996.

"There won't be a crash in this market because it's nearly all cash," says Mr Roland Teixeira, associate director at Jones Lang Wootton, the international property consultancy. Developers rarely finance more than 50 per cent of the costs of a project through loans, compared with 100 per cent or more in other markets. Taiwanese individuals view property investment as a way to preserve wealth and often prefer to leave units vacant for years rather than let them out.

"We don't think the overdue loan situation is particularly serious because the economy is quite healthy," says Ms Annette Lin, executive vice president at the government-backed central deposit insurance, which functions as a quasi-regulator. Gross domestic product is expected to grow over 6.5 per cent this year.

Banks are prohibited under the banking law from lending more than 15 per cent of their net worth to a single customer or business group, Ms Lin says. Regulators also discourage banks from lending more than 5 per cent of their portfolios to any one industry, which helps to minimise risk.

When they are published, the new banking figures will show whether such optimism is justified.

Australian inflation rate rise expected

By Nikki Tait in Sydney

Australia's underlying inflation rate is set to top 3 per cent during 1995, putting it outside the Reserve Bank of Australia's 2-3 per cent target range.

The warning was given in a speech by Mr Bernie Fraser, the RBA governor, yesterday. He also cautioned that there would be a sharp jump in "headline" inflation when the figure for the first quarter is released next month – a reflection of the three increases in interest rates and associated mortgage rate rises – and said the bank expected this statistic "to hover around 4-5per cent during 1995".

In his first public assessment of the economy for four months, Mr Fraser emphasised that the bank was not ruling out further interest rate rises if the slowdown in Australia's growth rate appeared to be insufficient to check inflationary forces.

He admitted there was little agreement on the level of growth the country could comfortably sustain but said "a long-term potential growth rate of around 4 per cent would seem a reasonable aspiration". In the third quarter last year, growth for the non-rural sector was running at an annual 7.3 per cent. Growth figures for the last quarter will be released today.

Mr Fraser also expressed some anxiety over wages and the current account. On the former, he said growth in earnings "has quickened a little, to around 4-5 per cent". He argued this rate of increase, together with current rates of productivity growth and profit margins, is broadly consistent with underlying inflation of 2-3 per cent. "That situation, however, is quite tight," he commented, warning that there was no room for further slippage.

On the current account front, he noted that – extraneous factors such as drought aside – Australia has a "structural" problem, spending more than it earns and depending on foreign saving to bridge the gap. He acknowledged measures to lift domestic saving were likely to be included in the May budget, and that there were pledges to bring the government budget deficit into surplus by 1996/7.

"This would represent an improvement in national saving of about 3 percentage points in two years," he said. But he warned that even a "good" budget, "would not necessarily rule out further interest rate adjustments".

Mr Fraser's comments – which were endorsed by Mr Paul Keating, prime minister, as a "balanced assessment" of the economy – came only hours after news of a A$2.165bn (£989m) current account deficit for February.

This is the seventh A$2bn-plus deficit in eight months. It means the deficit for the first two-thirds of the 1994/5 fiscal year is now A$18bn, a 66 per cent increase on the previous 12 months. Economists noted that, extrapolating that growth rate, would give a full-year deficit of A$28bn, compared with a revised government forecast of A$26bn.

However, the February figure was marginally better than the market's worst fears. Some encouragement was also taken from a 4 per cent rise in merchandise exports – although, on the eight-month view, exports have grown 2 per cent and imports, 14.4 per cent.

The Australian Labor Party yesterday claimed outright victory in the New South Wales state election, saying it believed it had the minimum 50 seats needed to form a government in its own right, Nikki Tait writes. Mr John Fahey, the Liberal opposition leader, who has held together a coalition government with support from independents for the past four years, conceded defeat shortly afterwards. The NSW poll was held last Saturday. At the weekend, however, both Labor and the Liberal-Nationals emerged with 46 seats; and independents, two. Five seats remained in tight contention, dependent on the allocation of preference votes and postal voting results. Counting is still under way but it seems likely the final tally will be Labor, 50; Liberals (with one conservative independent), 47; and two non-aligned independents. Labor lost power in NSW in 1988.

Auction boosts HK land market

By Simon Holberton in Hong Kong

The outlook for Hong Kong's property market brightened yesterday after the second auction this week of public land for residential development produced results exceeding market expectations.

The property market – the backbone of confidence in Hong Kong – has been in the doldrums for nearly a year. It has been afflicted by both rising interest rates and government action to penalise property speculation.

Worries about the market have affected sentiment towards the stock market and the economic outlook for Hong Kong more generally. These concerns have not been eradicated by this week's auctions, but they have been reduced.

At yesterday's auction Henderson Land, a leading Hong Kong property development company, paid HK$1.33bn (£108m) for a 241,114 sq ft site in Kowloon, compared with a consensus forecast of around HK$1.12bn. Henderson will develop the site for luxury residential accommodation.

This follows the purchase on Monday by Sino Land of a commercial/residential site in the New Territories for HK$1.32bn which at the time was seen as ahead of expectations.

Earlier this week when Henderson announced a 62 per cent rise in interim earnings to HK$3.78bn the company's directors said they expected property market activity to pick up. Another large property company, New World Development, this week also said it had discerned a change in market mood. These views have gained credibility from a strong response to the latest release of apartments in the Oasis mass housing project on the south side of Hong Kong island, owned by Cheung Kong, Mr Li Ka-shing's property group.

Some analysts are linking the improvement in mood to the brighter outlook for interest rates, which are pegged to the dollar. Many believe that the current US interest rate cycle might be close to peaking after the decision earlier this week by the US Federal Reserve not to increase short term US interest rates.

Meetings today may free cash earmarked for collapsed empire's pension funds

Maxwell creditors to receive $720m

By Jim Kelly, Accountancy Correspondent

Administrators to the collapsed business empire of Robert Maxwell, the publisher who fell to his death at sea 3½ years ago, will today pay creditors £450m ($720m). It will probably be the largest dividend ever to a failed UK company.

The payment represents 19.5 per cent of the losses of 8,000 creditors, of whom 6,000 were bondholders. The total dividend is expected to reach between 35 per cent and 43 per cent. Creditors to Maxwell Communication Corporation have had to wait for the first dividend over the past year because of protracted efforts to secure a settlement of pension-fund-related claims against MCC.

Last month a historic deal between the trustees of the pension funds, MCC, investment banks and accountants helped unblock the funds which the administrators had realised from the sale of assets.

However, because the settlement has not been formally agreed between all the parties, a further £19.5m which is ready to distribute to the trustees of the Maxwell pension funds cannot be sent out. The trustees represent 30,000 pensioners.

It is understood that meetings will be held today to try and resolve the matter. It is also understood that, provided agreement can be reached, the administrators will include the trustees in the first dividend. The chances of agreement are understood to be good.

Mr Jonathan Phillips, one of the joint administrators with Price Waterhouse, said: "We shall move heaven and earth to pay them if agreement can be reached in time."

"With immediate effect £19.5m is ready to go to the pension funds, with at least a further £6.5m in two weeks' time, provided agreements between other parties to the pension settlement can be finalised without delay."

Final approval of the pension settlement will allow the administrators to release money now reserved to meet the original claims of the pension funds. As a result, a further £150m could be paid out within two weeks.

Originally the administrators of Maxwell Communication Corporation faced claims on behalf of the company in excess of £400m. Under the agreement they are allowing a claim of approximately £100m. If agreement is not reached in time a separate payment could be made later to the trustees.

The payment of the dividend comes four years after the collapse of the Maxwell empire. It involved the administrators in dealing with more than 30 businesses operating through 400 subsidiaries of MCC in more than a dozen countries. Total realisations have reached $1.5bn.

The final dividend could be supplemented by the proceeds of legal actions.

Water company uncorks prices probe

Peggy Hollinger on why the action of a privatised utility has highlighted questions about differences in the treatment of shareholders and customers

A storm was brewing yesterday in the boardrooms of Britain's water industry after North West Water's decision on Wednesday to hand out £180m ($288m) to customers and shareholders over the next five years. Privately, many water chiefs are furious about North West's action, which is certain to lead to pressure on the individual companies to cut prices.

The news is also certain to revive criticisms of the government's privatisation programme and the regulatory regime then set in place. It has led to renewed accusations that the companies were sold off too cheaply in 1989, at a time when few thought privatisation of the long-neglected industry was possible.

The water companies were sold initially for £6.5bn, with more than £5bn of debt written off by the government. Yesterday their market value was more than £12bn, and shareholders have received more than £2bn in dividends since privatisation.

Customers, meanwhile, have faced large increases in their water bills to pay for improvements in water quality, better sewage treatment and cleaning up beaches and rivers. On average, household bills have risen more than 5 per cent above the rate of inflation for every year since privatisation.

Water companies, like the other privatised utilities, have come under intense criticism for reaping huge profits under the regulated regime, returning most of the benefits to shareholders and their executives. The prices the water companies charge were reviewed last year by Mr Ian Byatt, director-general of water services, who set controls to hold increases between 1995 and 2000 to an average of less than 1 per cent over inflation. At the time, there were accusations that Mr Byatt had let the industry off lightly, especially with several companies announcing job cuts and other cost-savings.

To fend off such criticism, the water companies highlighted the investments they were making that had not been required by the regulator. By spending on discretionary measures such as sewer improvement schemes to stop flooding of homes, they hoped to demonstrate a benefit for customers from the new price regime.

North West's action yesterday has undermined that strategy and for the first time allowed critics to put a figure on the money one company is sitting on. Cost-efficiencies achieved in the first five years of privatisation by the company will allow it to divide £36m a year over the next five years between customers and shareholders – an average of £6.50 per customer or 4.75p a share. A similar amount will be spent on further discretionary measures, bringing the total to £360m.

S.G. Warburg, the investment bank, estimates that as much as £1.4bn of operating costs and investment savings could be available throughout the sector over five years.

Pressure on the rest of the industry to follow North West will be intense, especially as Mr Byatt has set his seal of approval on the package. He has further raised the stakes by saying that companies that share the efficiencies made on their investment programmes will face less demanding price controls in future reviews.

For investors, yesterday's announcements offered a welcome clarification of the regulator's intentions for the industry. Confusion has surrounded the future of utility regulation since Professor Stephen Littlechild, the electricity regulator, decided to reopen his price review eight months after publishing his controls for the next five years.

"I think it has unshackled the sector," says Mr Kevin Lapwood of Smith New Court. "Investors and the companies have been worried about how they could get out the benefits of better financial performance out to shareholders after the electricity experience. They can now promise substantially better than expected dividend growth with the regulator's approval."

Analysts are divided on how many companies will decide to follow North West's lead – not all have made savings on the first five years' investment.

The danger for the industry, however, is that if too many companies pay special dividend and customer rebates, the water regulator, like the electricity watchdog, may come under pressure to review his price controls. But if North West is the only water company to share efficiency gains with customers and shareholders, a future Labour government might levy a a windfall tax to claw back profits.

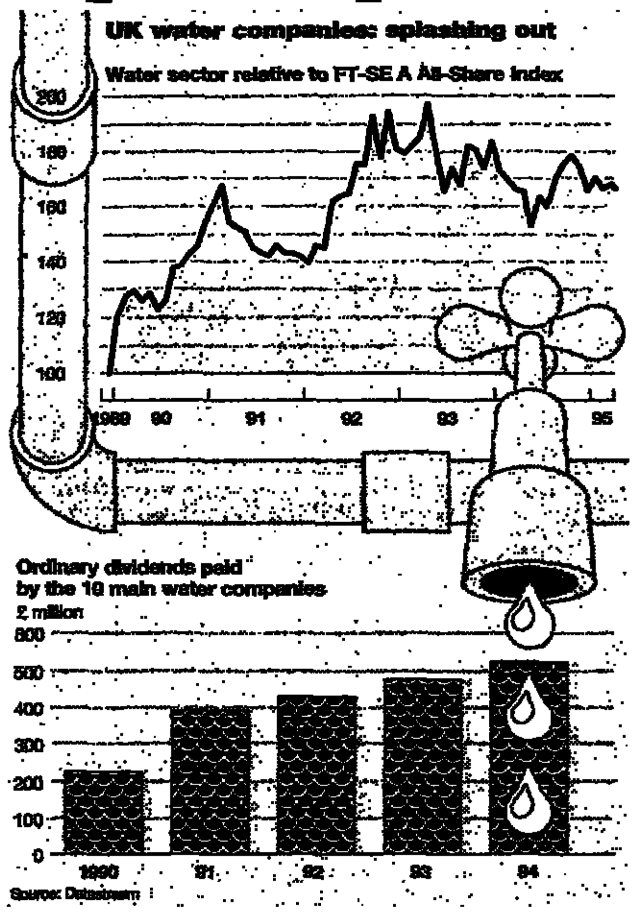
Whatever the outcome in the water industry, North West's announcement has put pressure on the other regulators to act on profits.

"Ian Byatt has realised there is a lot of value in the water companies' balance sheets and is happy to see some of that go to shareholders so long as the customers get a cut," said one analyst. "That is more than the electricity industry regulator has ever done."

The water industry regulator yesterday fired a warning shot across the bows of utilities planning excessive dividend increases. The news comes against a background of increasing public dissatisfaction with the regulation of utilities, which have been criticised for large increases in profits, dividends and executive pay.

Mr Ian Byatt, director-general of Water Services, said recent pressure from investors for substantial dividend increases should be ignored. Higher payouts should only be funded by increased efficiency. "While I do not control dividends, I do not expect companies to make decisions which could jeopardise the longer-term interests of the industry," he said.

However, Mr Byatt gave his blessing to the plan unveiled by North West Water, which will mean annual payments over the next five years of £8.50 – totalling £17.5m ($28m) – to each of its 2.2m domestic customers. Investors will receive a special dividend of 4.75p per share, also worth a total of £17.5m. Mr Brian Staples, North West chief executive, said the cash for the rebates and special dividend arose from cost savings.



Editorial Comment, Page 15
Lex, Page 16

UK NEWS DIGEST

Rail safety project is abandoned

Plans to introduce a £750m high-tech train safety system throughout the British railway network were scrapped by the government yesterday because of the high cost. The decision to drop plans for the computer-controlled system known as Automatic Train Protection came despite pledges given by ministers and British Rail, the owner of the national network, in 1988 that it would be introduced. ATP is used on French lines, in the Channel tunnel between England and France and in trials on two lines in England.

The case for ATP, which overrides the driver and forces a train to stop if a red light is passed, was strengthened by the report into a train crash which killed 35 people at Clapham Junction in south London in 1988. The inspector, Sir Anthony Hidden, recommended that ATP should be introduced throughout the national network.

But Mr Brian Mawhinney, transport secretary, said in the House of Commons that the costs outweighed the benefits. The types of accident ATP was intended to prevent – speeding, passing red signals and running into station buffers – accounted for only 3 per cent of rail deaths and injuries.

Charles Batchelor, Transport Correspondent

Privatisation worries, Page 10

Warning of assaults on staff at Jobcentres

Security guards and escape routes for staff will be needed at government Jobcentres when unemployment benefit is replaced by the Jobseeker's Allowance, which lays down tougher conditions for benefit claimants, says a leaked government report. It says there will be an increased risk of assaults on staff because people looking for jobs will be given "unpalatable and unwelcome information". The present unemployment benefit is paid for 12 months. The new allowance will be paid for six months after which jobseekers may be ordered to take any work on offer in a Jobcentre regardless of pay.

James Blitz, Westminster

Drugs company to shed 200 jobs in restructuring

Fisons, the drugs company in the throes of restructuring, is to end 150 years of links with Ipswich in eastern England and move its headquarters to London. Two hundred jobs will be lost as Fisons also closes two divisional offices. Fisons has been run from the eastern county of Suffolk since the late 18th century when James Fisons' maltings business expanded from the village of Barningham.

Daniel Green, Industrial Staff

Three convicted in big operation against crack

Three people were convicted at a London court of conspiracy to supply crack cocaine in Britain. They included the wife of a Ghanaian citizen described by police as perhaps "the most prolific crack dealer to have come to the attention of police anywhere in the world". He is Chanda Keita, aged 40, who evaded the operation which netted his wife Mariame and two men.

The court heard that the conspirators were watched by police as they visited a London branch of travel agent Thomas Cook to send money out of Britain. The prosecution said the drugs trail probably started in Bangkok with heroin being smuggled out of Thailand to New York. There it was swapped for cocaine, which was brought into Britain – usually by Mrs Keita – where she converted it into crack in a luxury apartment in Park Lane in London.

PA News

Truck entrepreneur may start output in Poland

Mr Gordon Brown, the entrepreneur whose high-flying Brown Group International collapsed in controversial circumstances in 1990, is about to return to full-scale production of construction machinery. One of the old icons of Britain's recession and competition-ravaged construction equipment industry, Mr Brown will next week unveil his innovative "Donson Discharge Truck".

The machine is an articulated earthmover which pushes out its load rather than tipping it out like a conventional dumptruck. A prototype will be shown at the Bauma construction equipment show in Munich. It was made for his new company, Donson Equipment, at a secret location where a further 50 machines are being produced.

Mr Brown hopes to start volume production at a permanent site by July, either in northern England or Poland. Negotiations are under way in both countries, and the factory could be employing 300 people after a year, he says.

Andrew Baxter, Industrial Staff

More women defy 'diet-gym culture'

A third of British women wear "plus-size" clothing and the proportion is set to grow, says Euromonitor, the market research organisation. "Plus size" means 46 and above in most of Europe, 14 and above in the US and 16 and above in Britain. The trend is being fuelled by better nutrition, sedentary lifestyles and the contraceptive pill, says Euromonitor. "The diet-gym culture may be prevalent in younger age groups, but older women are less affected and it is here that the greatest proportion of 16-plus sizes is found." Sales of plus-size clothing reached £2.5bn in 1994 and are forecast to grow by 26 per cent in real terms to £3.2bn at 1994 prices by 1998. The group says there are rewards for any supplier targeting plus-size women but cautions retailers to avoid "approaches which could be perceived as patronising or which emphasise the differentiation between 'standard' and 'large' sizes".

Diane Summers, Marketing Correspondent

Road deaths decline: The number of people killed on British roads last year was the lowest since records began in 1926, according to provisional figures. Deaths in personal injury road accidents in 1994 totalled 3,651 compared with 3,814 in 1993. The toll compares with 4,886 killed in 1926, when there were only 1.7m registered vehicles compared with about 25m today. The worst peacetime year for deaths was 1966 when 7,985 people were killed.

Palace crash: A man appeared in a London court charged with criminal damage and dangerous driving after a car crashed into the gates of Buckingham Palace. The unemployed 21-year-old was bailed on a charge of causing £50,000 ($80,000) of damage to a gate belonging to the Royal Household.

Warning on derelict land: The UK's stock of derelict land will take over 200 years to reclaim at the present rate even if no more is created, says a report commissioned by Groundwork, the environmental charity. Research by Professor John Handley, professor of land restoration at Manchester University, found that 70,000 hectares of land was derelict, under-used or neglected. Factories continue to close, and military sites unused after the cold war are deteriorating.

NEWS: UK

■ Consortium start-up costs higher than expected ■ Revenues to be squeezed further

Lottery profit below 2% of revenue

THE NATIONAL LOTTERY

Camelot, the consortium that runs the National Lottery, is expected to make pre-tax profits of between £18m ($28.8m) and £20m in the year to the end of this month, Raymond Snoddy writes. That is a fraction of the sum widely expected. The lottery, launched on November 18 last year, has done much better than expected with sales of about £1.1bn so far.

Camelot's members are Cadbury Schweppes, the UK food and drink group; De La Rue, the speciality printer; GTech Corporation, the US supplier of lottery equipment; ICL, the computer manufacturer which is now a subsidiary of Fujitsu; and Racal. But Camelot has disclosed few figures, and there have been reports that earnings have already reached £100m. In fact the profit level so far is understood to be between 1 and 2 per cent of revenue. Start-up costs have been much greater than has been widely assumed.

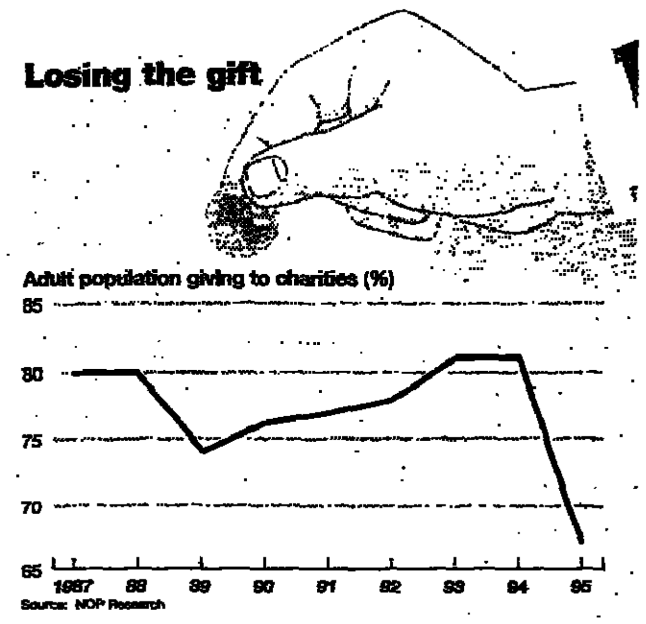
Over the seven years of the Camelot licence the profit level will average under 1 per cent of total revenues and is almost certainly in the region of 0.7 per cent. Under the financial regime which won the competitive tender to run the National Lottery the percentages going to Camelot are higher at the beginning to help pay for start-up costs and there is an accelerating squeeze on the rate of profit as revenues rise. For every pound in lottery sales above £3.5bn Camelot will receive less than £0.02 in revenues.

By the end of March 1997, it is believed, Camelot's capital expenditure will have reached £150m, not including the start-up costs of £30m. Under its financing Camelot raised £50m in equity, but also had to post a £40m bond – or 2.5 per cent of revenues, whichever is greater – if its licence is revoked for any reason. There was also a £75m bank loan from Royal Bank of Scotland.

The consortium also faces £90m in suppliers guarantees and warranties although some, though far from all, of its suppliers are also Camelot investors.

National Lottery sales are now running at the rate of £60m-£62m a week, which is higher than expected at this stage. But they need to increase to £105m a week and stay there if Camelot's main forecast is going to be met. The forecast states that the National Lottery will have total revenues over seven years of £32bn and raise a total of £9bn for the five " good causes " of the arts, charities, a millennium fund, the national heritage and sport.

The number of people giving money to charities has declined sharply since the National Lottery began in November last year, says a survey conducted by the NOP Research Group for the National Council for Voluntary Organisations. Mr Stuart Etherington, director of the council is seeking a meeting with Mr Michael Howard, home secretary, to appeal for more lottery cash to be allocated to good causes. The Home Office is monitoring the effect of the Lottery on charities. For each £1 ticket sold, the government now receives 12p and good causes 28p. Of that 28p, charities get 5.6p. But the survey suggests that many people think charities receive 22p for every ticket sold.



Onset of privatisation alarms rail chief

The chairman of the state network, who is to retire today, explains his worries to **Charles Batchelor**

Sir Bob Reid, chairman of British Rail, will leave the day-to-day problems of the railway behind him when he retires today. Although a supporter of privatisation of the national network in principle, he remains deeply concerned about the way in which it is being done.

Sir Bob, who spent 34 years at Shell before moving to BR five years ago, believes that the break-up of the railway will be unnecessarily costly and impose a deadening layer of bureaucracy. He fears that the creation of so many separate businesses will make it harder to provide a good service.

He is concerned that the new commercial players in the railway market will be tempted to take out their profits and will not be sufficiently motivated to reinvest in the railway network. The three state-owned rolling stock leasing companies are a source of particular concern. They own BR's 11,000 locomotives and carriages and are shortly to be sold. They do not come under the control regime exercised by Mr John Swift, the rail regulator, and may have little incentive to invest in more modern equipment, says Sir Bob.

Railtrack, which has taken over BR's track and signalling, does come under the regulator's eye. He has already insisted that the amount of depreciation in the company's profit-and-loss account is re-invested each year in maintenance and improvements.

But Railtrack, too, will be operating at one remove from the customer and must resist the temptation to go for "gold-plated" engineering solutions to problems in place of cost-effective actions which directly improve the service.

Sir Bob Reid also has a fear about the way the different players in the industry are taking decisions. In a rare display of passion, Sir Bob says he hates "conferred decisions". They occur when parties are unable to reach agreement but, faced with the pressures of the tight privatisation timetable, turn to the regulator for a ruling. "We will live to rue that," he warns. Attempts are likely to be made to unscramble such agreements once commercial pressures mount.

The other fundamental weakness he sees in the method of privatisation chosen by the government is the transfer of decision-making powers from the politicians to unelected officials.

A rumbling row about the franchising director's decision to remove subsidy from some of the hugely lossmaking sleeper services between Scotland and the south of England has yet to be resolved.

"This is a political decision you cannot expect the franchising director to make," says Sir Bob. "Policy decisions are being contracted out to people who don't have a responsibility to the voters." Politicians must continue to bear the responsibility for shutting any line, he adds.

"Managing large undertakings through the medium of government is a recipe for all sorts of problems," he says. "But even though I would have done it differently, getting BR into the private sector is the main gain."

British Rail, which still runs the national network, yesterday offered its 81,000 workers a 2.5 per cent pay rise, our Employment Editor writes. BR said the offer, which was 1 per cent below the inflation rate, was generous "in the light of the industry's competitive position". The three trade unions representing rail workers are demanding a "substantial" rise for their members in what will be the last set of negotiations for the industry before the arrival of full privatisation. Mr Jimmy Knapp, general secretary of the Rail and Maritime Transport Union, the largest railworkers' union, said he was "disappointed" by the offer, and believed it would prove unacceptable to his members. "It in no way measures up to the commitment railway staff have made to the industry over the past few years," he said. Mr Paul Watkinson, BR's personnel director, said: "Recent years have seen fewer passengers and less freight traffic."

Top TV man quits Pearson for Murdoch

By Raymond Snoddy

Mr Rupert Murdoch's News Corporation has snapped up one of the UK's most senior broadcasters, who recently announced he was leaving Pearson, the media group which owns the Financial Times.

News Corp said yesterday that Mr Richard Dunn, who resigned recently as chief executive of the Pearson television subsidiary Thames Television, was becoming executive director of News International Television.

Mr Dunn, who joined Thames in 1978, will be responsible for developing new television channels in the UK and mainland Europe, and later probably in Asia.

Mr Sam Chisholm, chief executive, of satellite network British Sky Broadcasting said yesterday : "Richard Dunn is a very accomplished broadcaster and we are delighted to have him as part of the team." News Corporation is the biggest stakeholder in Sky, in which Pearson has a share. Mr Chisholm is in charge of all Mr Murdoch's television interests outside the US,

It is believed that Mr Dunn was told by Pearson late last year that Mr Greg Dyke was being appointed above him as chairman and chief executive of Pearson Television. He was told that if he left within 10 days his full contract would be honoured but warned that the compensation might be less if he did not. The deadline was, however, subsequently extended to the end of June.

The departure of Mr Dunn, who is noted for his contacts in international television, caused surprise in the UK broadcasting industry.

Surprise was also expressed at the $279m paid by Pearson for Grundy Worldwide, the television company that produces popular dramas such as Neighbours and quiz shows. "I know Reg Grundy and I know for a fact that a year ago he was trying to sell the company for $90m," said one senior television executive who asked not to be named.

MANAGEMENT

Tony Jackson on corporate America's discovery that political correctness may be a practical necessity

US glass ceilings begin to crack

Political correctness, it might seem, has laid hold of Eastman Kodak. The US photographic giant is about to introduce a novel incentive scheme for its senior managers: their bonuses will depend, at least in part, on their success in promoting women and minorities within their departments.

In fact, Kodak's move owes little to politics and a great deal to practical necessity. Like the rest of corporate America, the company has a problem. Despite the increasingly diverse nature of both its markets and its workforce, its top management is taken almost exclusively from one minority group – white males.

As a recent study* from the Clinton administration's Glass Ceiling Commission argues, this is becoming a business liability. In a survey of US chief executive officers, the commission found virtually all of them aware of the problem and trying to do something about it.

The CEOs were unanimous on the reason: the pressures of change, such as demographic shifts in the workforce and the opening up of global markets. In such a world, using all the available talent becomes a competitive necessity.

In spite of the good intentions, the reality is absurdly different. Among senior managers in the top Fortune 500 companies, the study says, 97 per cent are still white and 95 per cent are still male.

It is not hard to see why. Since CEOs are already at the top of the pile, a drive for diversity poses no threat to them. In the lower ranks, it looks rather different. After years of delayering and downsizing, there are already too few paths to the top. As an unnamed middle manager quoted in the report puts it, with commendable bluntness: "Why would I want a bigger pool? White men can only lose in this game."

This makes the thrust of the Kodak plan rather clearer. On his arrival a year ago Kodak's new chairman and CEO, George Fisher, made plain his desire to bring senior management more into line with the company's customer base. He is now putting direct pressure on Kodak's top 900 managers – themselves almost all male and white – to open up the ranks, even if it runs counter to their more immediate interests.

It would not do, however, to portray all CEOs as enlightened agents of change, hampered only by blinkered subordinates. As the Glass Ceiling Commission report makes clear, the world looks rather different to CEOs than to those they seek to promote.

According to the majority of CEOs surveyed by the Commission, *the glass ceiling is no longer a problem*. All of them thought of it purely in relation to women, not minorities. While they concede that women are still under-represented and underpaid, most take the view that enough women have now reached the higher ranks to ensure that proper representation is only a matter of time.

When invited to reflect on minorities, all of them thought first of blacks. The general view is that good black executives are like gold dust: courted as undergraduates, snapped up by the big corporations and liable to be poached by rivals.

In spite of the good intentions, the reality is absurdly different. Among senior managers in the top Fortune 500 companies, the study says, *97 per cent are still white and 95 per* cent are still male

What about Asians? No problem, said the CEOs. Very bright, well qualified, hard workers. And Hispanics? Hard to locate, they said, but very useful for tackling Spanish-speaking markets.

For women and minority managers, *there is one simple flaw in all* this. To get ahead, you still have to be as like a white male as possible.

All those covered by the report believed the glass ceiling still existed. As a result, turnover of middle managers is at least twice as high among women and minorities as among white men.

There is also the crucial point that in career terms, not all management jobs are equal. To become a CEO, it is typically necessary to have spent 20-25 years in mainstream jobs such as marketing, sales or production. Women and minorities tend to be put into such career sidelines as personnel, research or public relations.

Within the groups, there are nuances. However disgruntled women managers are, they mostly agree that things are getting better. In time, most think a degree of equality is achievable.

Black managers, however, seem in despair. They are well aware that they are needed, for the same competitive reasons given by the CEOs. But they believe corporate America sees them as a *necessary evil*. As the report puts it, "the respondents believe the barriers to their upward job mobility will not be removed in their lifetimes."

There is a telling quote from one *CEO who senses something is* wrong. "We recruit only from the top schools, and we hire only from the top 10 per cent from those schools, for men and women, black and white. But something happens to the black men when they go *through our training programme* – they consistently come out in the bottom quarter of our classes. Something is going on and we don't know what it is."

Asian managers agree that they are seen by companies as technically well qualified and hard-working. But again, they often end up in technical jobs outside the career mainstream. Chinese Americans complain that they are seen mainly as scientists and engineers, and therefore bad at speaking and writing. They are not credited with the communication skills needed for the top.

The catalogue of misunderstanding is completed by Hispanic managers. CEOs are acutely aware of the growing importance of Spanish-speaking markets. The snag is that a large number of American Hispanics – some five million adults – speak either little Spanish or none at all.

Perhaps all this evidence tells us not that change is impossible, but that it is agonisingly slow. The improving position of white women is the key. They are much more numerous than minority men in America, and were also admitted into management much earlier. Women have therefore led the way; and as the proportion of minorities in the US population rises and some of their managers rise through the ranks, their position should improve as well.

There is back-handed evidence for this in the figures for women and minority managers in different industries. The sectors most open to women are finance, insurance, real estate and retailing. Those with fewest women managers are at the heavy end: agriculture, construction and mining. This might be put down to old-fashioned prejudice about women and manual labour. But precisely the same pattern holds for minorities, who historically provided most of the labourers.

There is a further glimmer of hope in the fact that sectors most open to women and minority managers are typically those with the fastest growth or undergoing the most change: that is, the industries of the future.

Indeed, in some of these industries there is a sub-text which the report is too tactful to mention. Talk to CEOs in California's Silicon Valley, for instance, and you will hear the explicit view that diversity is a competitive weapon against the Japanese.

This is because Japanese companies are seen as incapable of allowing *non-Japanese or women into* positions of power. The Japanese might respond, of course, that this is merely a racist stereotype. But that is political correctness for you.

**Good for Business: making full use of the nation's human capital. The Federal Glass Ceiling Commission, Washington, DC.*

In search of a good fad

Peter Barker on the contribution of quality management

Fifty years ago most factory bosses would have laughed at the idea of paying someone to preach about the obvious virtue of constantly seeking incremental improvements in their production processes. Yet in the 1980s millions of dollars were spent for exactly that purpose, and dozens of books were written on the subject of quality management.

Such is the way with *management fads*.

Contrary to what is often assumed, management fads are rarely born out of new ideas. Nor do they simply appear and disappear like comets. They arise in response to a new business context, usually a pervasive one, and are almost always evolutionary.

Originators of management fads build upon accepted ideas, skilfully fitting them to the evolving challenges faced by managers and adding the right dose of scientific or academic rationalisation. They are superb communicators. Sometimes the theory behind a fad is no more than common sense: this is all to the good, since if it is to become widely accepted it should ideally accord with managers' underlying prejudices, seeming intuitively right.

There is value in a good fad because large numbers of managers get carried along by the tide and start giving extra attention to some previously ignored aspect of their work. This of course may be a necessary condition for its success, as with quality management, which must be a company-wide activity. The danger with a bad one is that it *diverts attention from more* important preoccupations. Top performing organisations such as Marks and Spencer or ABB are generally fad-free. They are impervious to such things: if anything they are creating *the fashions others will follow in* the future.

While companies rightly propagate their new management wisdom through internal communications and training programmes, some benefit enormously by exploiting the interest that fads generate in the world at large, including their customers. Xerox has done this effectively since winning the Baldridge award, America's prestigious prize for quality in 1989. It is constantly cited as an organisation that turned itself round and became more competitive through a relentless, on-going, company-wide quality programme. This was extremely opportune for Xerox at a time when Canon, its Japanese competitor, was being projected within very influential circles as one of the exemplars in successfully managing innovation.

The perception as a cure-all is a real danger with fads, particularly the most successful ones. Of course, only a hopelessly naive person would seriously contend that quality management was the solution for British industry.

The only magic solution might be the realisation that there is no magic solution. Yet quality management does have an important contribution to make.

It is a philosophy that means caring deeply about what, how and why you do what you do in your work, about taking action all the time to improve results.

It means acting positively to pre-empt problems and obtain faultless output. When you achieve this, it means having the will to return to the drawing board to look for improvements. *Quality management means* everyone in the organisation constantly working to improve the organisation's value-adding processes in terms that can be measured.

What has changed compared with 100 years ago is that today, everyone in the organisation is charged with contributing to improving its performance.

The motivation and capability to do this comes from fully understanding and maintaining *an active interest in his or her* contribution to the organisation's mission.

With few exceptions, this is not the way factory bosses saw things 50 years ago.

The author is director of executive education at the Theseus Institute

BUSINESS AND THE LAW

Rocky road to EU justice

Barriers to European courts should be lifted for individuals, says **Bernard O'Connor**

In the debate on the future shape of the European Union, judicial review of Community acts has been drowned out by larger issues, such as whether to join a single currency and where decisions should be made.

But citizens need easier access to the EU courts in Luxembourg to seek redress against any improper administration by the European Commission. Over the years the Commission has been given increased powers to regulate the single market. It can, for example, fine companies up to 10 per cent of their annual turnover in anti-trust matters and, most importantly, set out detailed rules for the proper functioning and control of a growing number of market sectors.

Many of these regulatory powers are necessary for the effective management of markets. Without a strong central administration acting to remove barriers to trade and to deregulate national monopolies, the single market would become a burden on business rather than an opportunity.

Some regulations will always be required and the EU is the appropriate level at which to regulate. But at present the Commission can exercise its powers without either proper political control or effective judicial review.

Member states, through the Council of Ministers, now adopt framework legislation to regulate the single market, and then delegate to the Commission the power to adopt detailed rules for implementation. The Commission, in exercising its delegated powers, must act in concert with "management committees", which are made up of one civil servant from each of the member states.

If the Commission and a management committee disagree on a proposed measure, the matter can in some situations, or must in others, be referred back for decision to the member states acting in Council. The Commission chairs these committees and is often the strongest voice.

This system is not without problems. At present there is limited opportunity for democratic control over the process by the European parliament. More importantly, in some areas, such as trade, the Commission can adopt law even where a majority of the member states is against the measure but cannot muster enough votes to block adoption.

This means that an individual is less able to influence a *decision which affects his or* her interests, either through the European parliament or the member states. In this situation, effective judicial review becomes all the more important.

The existing system was laid down in the 1957 Treaty of Rome and has not been amended since. Essentially, only member states and Community institutions have an absolute right to seek a judicial review of the legality of Commission or other Community measures.

In general, individuals must seek judicial review through the roundabout Article 177 procedure under which an action is launched in a national court against the local implementation of Community rules. The national court can then seek the opinion of the European Court of Justice.

In exceptional circumstances, an individual can challenge its legality directly before the European courts. This is where the individual is considered to be "directly and *individually" concerned by the* measure. And so far, the European Court of Justice has been generous in its interpretation of the concept so that the companies involved can challenge a final Commission decision.

However, the court has not been able to ignore the treaty's specific exclusion of individual rights in other areas, especially in agriculture. In these cases, an individual must wait for a member state to implement a measure before he or she can question its legality.

Any reform of the system should flow from the need to ensure effective procedures to protect the individual's rights and the redress of grievances. Individuals must be given easier and rapid access to the Community courts to challenge measures.

This *would* require the amendment of Articles 173 and 175 of the treaty, which govern who may bring actions before the Luxembourg courts. Increasing the individual's right of access to the courts would allow greater policing by the aggrieved individual of *the Commission's acts or* failures to act.

At the same time individuals should be able to find out how and why decisions have been taken. To this end, decision-making must be made more transparent to ensure that the proper internal procedures are respected.

The courts should have more powers when individuals bring cases to ensure that the correct law and procedures are followed. However, judicial review should not be used to limit the proper exercise of discretion by Community institutions.

Consideration also needs to be given to increasing the number of EU courts. At present there are just two: the European Court of Justice and the European Court of First Instance, the junior court set up in 1989. Judgment on questions of EU law from national courts takes an average of 18 months, while actions brought directly by private parties – individuals or companies – take about 24 months to reach judgment.

That period of 18 months or more, plus the time taken to *bring an action to national* courts, means it can take many years to get redress in the EU under present procedures.

Many lawyers believe that as the need for judicial review increases to match the growing power of the Commission to regulate the business environment, two or even three more courts may be necessary. These could be additional first-tier courts similar to the Court of First Instance, with the European Court of Justice acting as an appeal court above them; or federal courts based in the member states with the European Court of Justice in Luxembourg acting as the EU's supreme court.

The EU will not gain the respect of its citizens if it remains remote, if there is only limited transparency in decision-making and effective recourse against arbitrary action is not provided for.

Next year's inter-governmental conference is an opportunity for EU countries to amend the Treaty of Rome to ensure that their citizens have effective access to justice. Member states should seize it.

The author is a lawyer practising in Brussels

BUSINESSES FOR SALE

LEGAL NOTICES

IN THE MATTER OF
DODWELL BUYING SERVICES EUROPE LIMITED
and
IN THE MATTER OF
THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY GIVEN that the creditors of the above-named company which is being voluntarily wound up are required on or before the 30th day of April 1995 to send in their full names, their addresses and descriptions, full particulars of their debts or *claims* and the names and addresses of their solicitors (if any) to the undersigned Mr Costas L. Mavrocordatos, ACA of Julia House, 3 Th Dervis Street, PO Box 1612, CY-1591 Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 31st day of March 1995
Costas L Mavrocordatos
Liquidator

IN THE MATTER OF
RESOURCE TRADING LIMITED
and
IN THE MATTER OF
THE CYPRUS COMPANIES LAW CAP 113

NOTICE IS HEREBY GIVEN that the creditors of the above-named company which is being voluntarily wound up are required on or before the 30th day of April 1995 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Costas L Mavrocordatos, ACA of Julia House, 3 Th Dervis Street, PO Box 1612, CY-1591 Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 31st day of March 1995
Costas L Mavrocordatos
Liquidator

APPOINTMENTS

CONTRACTS & TENDERS

GOVERNMENT OF THE STATE OF CEARA
SECRETARIAT FOR URBAN DEVELOPMENT AND THE ENVIRONMENT (SDU)
CENTRAL COMMITTEE FOR PROCUREMENT

CALL FOR TENDERS

INTERNATIONAL COMPETITIVE BID FOR TENDERS #017/95

The Central Committee for Procurement, acting on behalf of the Secretariat for Urban Development and the Environment of the State of Ceará, invites Brazilian and foreign Construction Companies, members of the Inter-American Development Bank (IDB), to take part in the INTERNATIONAL COMPETITIVE BID FOR TENDERS #017/95 whose purpose is to contract public works and services for the construction of 75 km of sewage collecting piping network, for F, G-1, G-2, G-3, G-4 and CE-1 sub-basins under the Basic Infrastructure Program for Public Health in the city of Fortaleza - Ceará - Brazil.

Funds for the execution of public works and services described in this notice are provided by the Basic Infrastructure Program for Public Health in the city of Fortaleza whose partial financing was negotiated by the Government of the State of Ceará with the Inter-American Development Bank (IDB). Contracts are to be in full accordance with the financing agreements #695/OC-BR and 892/SF-BR signed with the IDB in Dec. 9, 1992.

Pre-qualification documents and price proposals are to be delivered on May 17, 1995 at 4.00 pm at Rua Silva Paulet, No. 334, Aldeota Fortaleza - Ceará - Brazil in two sealed envelopes containing: Envelope "A" - *pre-qualification documents* and Envelope "B" - *price*.

The full statement of the term governing the call for tenders, for which there will be a charge of R$ 50,00 (fifty reais) is available from the SECRETARIAT FOR URBAN DEVELOPMENT located at the Governor Virgílio Távora Administrative Center, Cambeba, Fortaleza - Ceará - Brazil between March 31, 1995 and May 15, 1995.

Fortaleza, March 31, 1995
The Committee

ARTS

A Pelléas with punch

Jonathan Miller's evocation of Debussy's dreamworld at the Met has become the hottest ticket in New York, reports Andrew Clark

If a capacity audience at the *Metropolitan Opera sits* transfixed, without surtitles, through the most uneventful three hours of music in the repertory, we know something exceptional is happening.

That "something" is the final new production of the Met season – *Pelléas et Mélisande*. In a house accustomed to large and lavish gesture, this is a performance of subtlety and rapt harmony between stage and pit. The honours are divided between Jonathan Miller and his design team, the conductor James Levine and his orchestra, and a cast which sheds as much light on smaller parts as on the principal characters.

The Met first staged *Pelléas* 70 years ago. But despite the steadily expanding operatic tastes of American audiences, a work with no arias or character development is as difficult to sell today as it was then. That is exactly how Debussy wanted it – an opera whose appeal was by nature esoteric. So the new Miller/Levine production is almost a contradiction: it is a masterpiece of understatement, and yet it reflects the tiniest shifts of texture, urgency and emotion in Debussy's meticulous handiwork, like a prism transmitting rays of illumination into the giant Met auditorium.

After the resounding impact of the first night, word got around quickly. By the second performance on Monday, *Pelléas* had become a hot ticket. The Met now has the good fortune to own a production which unravels some of the work's secrets to a large public, without depriving it of mystery or opaque symbolism.

Before the premiere Miller used an interview with the New York Times to take a few swipes at the Met's operatic culture. He talked of audiences being starstruck and addicted to touristic spectacle, of rich patrons requiring scenery which reflected their own wealth, of "Jurassic Park singers" more interested in making money than drama.

He would have been better to let his production do the talking, because it disproves his every point. With decor by John Conklin, costumes by Clare Mitchell and lighting by Duane Schuler, Miller evokes the dream-world of a decaying aristocracy in the pre-1914 *ancien régime*. An indoor-outdoor ambiguity is conjured by shadowy stone walls, tall window-frames and a single barren tree, with strategic shafts of dappled light spreading quietly from the wings. Some of the costumes – ladies' hats more appropriate to southern belles, an Onegin-like summer suit for Pelléas – are a trifle fanciful, but the production achieves its effects with rare clarity and economy.

Within this frame Miller shows that the real Allemonde – Maeterlinck's setting of forest and castle – exists within the characters themselves. Here are people imprisoned by neurosis and blind to their fate, who cannot admit to their weaknesses, for whom physical contact is synonymous with violence. Every word is loaded, and the tiniest gesture speaks volumes – as when Pelléas and Mélisande return fleeting glances after their window scene, or Arkel shifts imperceptibly as Golaud forces Mélisande to the ground. The scenes involving the young couple lack sexual tension, but that may be Miller's way of suggesting a union of souls in a landscape of frigid feelings. However dream-like on the surface, this *Pelléas* has a core of intense humanity.

Levine joins Miller in offering us the best of both worlds – the diaphanous beauty of tradition and the Boulez school's "needle-sharp examination of musical detail". Levine's reading is intimate and glistening, without a hint of sluggishness in the Wagnerian interludes. He also proves himself an unexpectedly sensitive colourist: thanks to the precision and fluency of his extraordinary orchestra, the instrumental half-tints are wonderfully re-created – no more so than in Golaud's bed-ridden monologue and the subsequent grotto scene in Act 2.

A few months short of her 50th birthday, Frederica von Stade is still a radiantly beautiful Mélisande – more a tortured, Princess Di-like addition to the firm than a stray waif. Her warm, distinctive voice has darkened and won a chesty maturity, well able to express the tearful emotion of "Je ne suis pas heureuse". She is outstandingly partnered by Dwayne Croft's Pelléas, a blonde, debonair *beau* whose smooth lyric baritone makes him one of the Met's best finds.

Victor Braun, grey-haired but still in good voice, is the formidable Golaud – a man at war with himself, the archetypal wife-beater. But even he is upstaged by Robert Lloyd's Arkel, the powerless patriarch whose silent presence and sobbing valediction express everything that is left unsaid. Lloyd has never given a finer performance. Marilyn Horne's Geneviève makes little impact, while Gregory Rodriguez's Yniold receives unusual prominence.

With Graham Vick's Shostakovich production still fresh in the memory, Miller's *Pelléas* makes a formidable double for British directors at the Met this season. Next season brings two Elijah Moshinsky stagings, including *The Makropoulos Case* with Jessye Norman. Miller's achievement has been to show that the Met's limitations – in terms of audience expectations and artistic horizons – are no bar to bringing an elusive work of the past alive for today.

Next performances April 1, 4, 8, 13.

Winnie Klotz

Frederica von Stade: exquisite as Mélisande

Concert/**David Murray**

Bainbridge's 'Ad Ora Incerta'

Alexander Lazarev has suddenly found himself to be "late of the Bolshoy", but at least he has the consolation of continuing as principal guest conductor of both the Royal Scottish National Orchestra and the BBC Symphony. He conducted the latter in the Royal Festival Hall on Wednesday, sharing the podium with the composer Simon Bainbridge, whose new *Ad Ora Incerta* – Four Orchestral Songs from Primo Levi (presented with support from Land Rover) were a BBC commission.

On those I can report only cautiously. Bainbridge wrote them on a tight schedule, which included keeping a stage-by-stage diary for Radio 3. *Ad Incerta Ora* ("At an uncertain hour") was intended for the inspired, unpredictable contralto of Brigitte Fassbaender; but less than two months ago, she decided abruptly to retire from the concert platform. An anxious search for a soloist ensued, and eventually Christine Cairns was found: a strong, smooth mezzo with intelligence but no very striking vocal personality.

Levi's poems all derive from his Auschwitz experience. Bainbridge has taken care not to over-dramatise the word-setting, surely because he knew what the Fassbaender voice – foghorn, Kraken, corncrake, but capable of tearing one's heart with suddenly limpid phrases – would add to it. Miss Cairns is an altogether different animal, cooler and more reticent about self-expression.

The result, as we heard it in the hall, was duly sombre but rather tame. I should have stayed at home and listened to the radio, where the sound-engineers no doubt kept Miss Cairns firmly in the foreground. On the spot, against Bainbridge's darkly weighted orchestra, her words (delivered slowly in very English Italian) and sometimes even her voice faded almost out of hearing.

Yet the overall *shape* of the piece rang true. Long first and last songs, the one with a background of whirling pianissimo figuration against slow, declamatory lines for the mezzo and her solo-bassoon partner (Kim Walker, an expert artist), the other a poignant evocation of deadly concentration-camp existence and awakening humanity; the contrasted middle two songs are succinct and spare, "Il tramonto di Fossoli" supported only on bated-breath string lines. The whole set took half an hour. All that it needed was the carnivorous Fassbaender voice to sink its teeth into the poems and wring them by the neck.

Lazarev's contributions to the concert sat oddly with Bainbridge/Levi. In Rimsky-Korsakov's pretty *May Night* overture he wrested a vital, almost Russian attack from the BBC strings: a remarkable feat in itself, and it lit up the music beyond what we usually hear. Similar efforts in Tchaikovsky's "Manfred" Symphony, after Byron (it came midway between his Fourth and Fifth, but we rarely meet it) elicited less. The bald fact is that "Manfred" presents a few desperately heartfelt tunes again and again and again, without anything remotely like development: too raw to pass for a West European symphony, too sophisticated and personal to fit the Balakirev/Borodin/Rimsky model of ripe, folk-based tunes put through simple hoops.

Alastair Muir

Peter Bailie and Tom Hodgkins in David Glass's production

Theatre/**Ian Shuttleworth**

The Mosquito Coast

Director David Glass's programme notes to this production begin by declaring that "For some time I have been looking to create a piece of contemporary realism. I wanted to find a modern story that would express itself in psychologically realistic terms whilst evoking a world different from our own."

Unfortunately, the heightened visual/physical style of performance which proved a necessary skeleton key to the 1992 dramatisation of Mervyn Peake's *Gormenghast* here swamps Paul Theroux's novel about a self-sufficiency obsessive trying to forge a life for his family in the Honduran jungle.

Glass notes the story's affinities with *Moby Dick* and *Heart of Darkness*, both notoriously unstageable. In fact, his production of John Constable's adaptation reminds me less of *Heart of Darkness* itself than the film it inspired, *Apocalypse Now*: the succession of episodes of lysergic surrealism are more Coppola than Conrad.

The decision to lapse repeatedly into pseudo-symbolic dance seems in part down to the practicalities of changing scenes on Rae Smith's set of synthetic earth and wooden planks. As the timber is wielded to create anything from a jungle cooling plant to a dream-crucifix for cracked protagonist Allie Fox, the company of eight undertakes several ballets with the planks and, well, once you have seen one plank ballet, you have seen them all.

Thirteen-year-old Charlie Fox is reduced from the chronicler of his father's decline and fall (as in the book) to its often mute witness: Peter Bailie is compelled to rely upon the Martin Sheen device of manic-incredulous stares to convey Charlie's disillusionment.

The lion's share of the dialogue goes to Allie's increasingly cracked eco-evangelistic outpourings (a religious parallel made explicit by the presence of a noisome American missionary at various points in the tale).

Tom Hodgkins gets full value out of Allie's messianic streak, frenziedly rolling on the ground in violent self-mortification when he destroys the family's mini-township, but the script's gradual intimations of Allie's instability become jerkier quantum jumps in performance, and his final demonic psychosis is reminiscent less of Kurtz than Jack Nicholson in *The Shining*.

Cait Davis's portrayal of Charlie's younger brother Jerry is short-changed by a script over-reliant on the same few childish words of disapprobation: faithful to Theroux perhaps, but unhelpful to an actor.

The remaining three actresses switch parts from night to night, alternately playing a couple of Zambu Indians, the missionary's daughter and the Fox family's mother.

It is hard to imagine either of the others improving on Dystin Johnson in this last role, agonisedly suppressing her instincts towards her family in the vain hope that her husband will, if indulged, eventually return to his senses.

Overall, though, however much Glass draws on the Brazilian martial arts to stylise the actors' movements and on tribal musical sounds to create a jungle atmosphere, he does not succeed in his stated aim of marrying his theatrical style to a narrative rooted in the real world, albeit a real world gone crazy.

The production is like Allie Fox's *sleight-of-hand conjuring tricks*: adroit, but not nearly the wonder it pretends to be.

At the Young Vic, London SE1 until April 22 (0171-928 6363)

South Bank wins the jackpot

Now it does not matter that you failed to win the National Lottery yet again last Saturday. Your punt has provided the *Morecambe Youth Band* and the Sheffield Recreation Band with new musical instruments; enabled Grimsby Borough Council to acquire a Steinway grand piano for its new auditorium; and completed the *renovation* of the Yorkshire Dance Centre in Leeds.

Yesterday the Arts Council of England announced the first recipients of lottery cash for the arts. It was a case of easy does it. There was one monster grant – £980,000 for London's South Bank to enable it to pay for a feasibility study on its £60m transformation scheme. But, in total, less than £2m of the £49m that the council has already received from the lottery was handed out, to just *nine applicants*.

They were scrupulously chosen to reflect large and small: London and the regions; amateurs and professionals. Tiny local arts groups gained most cheques, in line with the mission of Peter Gummer, chairman of the arts lottery panel, to regenerate the buildings of small and medium *sized arts ventures and thus* enable them to earn more money at the box office.

By May, when the next awards will be announced, there will be perhaps 50 beneficiaries, including some big names – most likely Sadler's Wells, which wants over £20m. This initial list aims to avoid controversy. The *Ikon Gallery in Birmingham*, which put in for £3.6m for a new contemporary art space, might be disappointed that it only received £100,000, but the rest is likely to come when the Arts Council is confident that *the development*, and the necessary matching cash, is fully in place.

The odd eyebrow may also be raised that the first jackpot winner is the South Bank. It cleverly chose Richard Rogers, deputy chairman of the Arts Council, as its architect. But Rogers' plan for a new crystal palace, a great glass roof *shrouding the dreary parts of* the South Bank – the Queen Elizabeth Hall and the Purcell Room – and raising the temperature of the piazza to the level of the south of France, is just the kind of imaginative millennium project that wins votes.

And, talking of attracting votes, heritage minister Stephen Dorrell, who launched the awards, praised the prime minister, who apparently insisted that the arts be a lottery beneficiary. Dorrell also confirmed that the lottery, which in time will *contribute £300m a year to the* arts, would not be used as an alternative to government funding, and suggested that the rules may eventually be eased so that lottery cash, currently restricted to capital projects, might be channelled into revenue producing endowment funds.

The other winners were The Place, the London dance centre; Inner Sense Percussion Orchestra of Manchester; and Unicorn Theatre, London.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

GALLERIES
Stedelijk Tel: (020) 5732 911
● Alfa Romeo: The Essence of Beauty: exhibition marking the development and design of Alfa Romeo cars from the early part of this century to the most recent models; to Apr 2

■ BERLIN

OPERA/BALLET
Deutsche Oper Tel: (030) 34384-01
● *Der Fliegende Holländer*: by Wagner. Conducted by Heinrich Hollreiser, production by Gustav Rudolf Sellner; 7.30pm; Apr 2
● L'Italiana in Algeri: by Rossini. Conducted by Ion Marin/Carlo Rizzi, produced by Jérôme Savary; 7.30pm; Apr 5
● Lucia di Lammermoor: by Donizetti. Conducted by Marcello Viotti and produced by Filippo Sanjust; 7.30pm; Apr 1, 6
● The Girl of the Golden West: by Puccini. A new production conducted by Paolo Olmi and produced by Frank Corsaro. Soloists include Galina Kalinina and George Fortune; 7pm; Mar 31; Apr 4
Staatsoper unter den Linden Tel: (030) 200 4762
● Der Rosenkavalier: by Strauss. Nicolas Brieger directs this new production. The sets are designed by Raimund Bauer and Donald Runnicles conducts; 6.30pm; Apr 4

■ LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● Mahler Festival Part 2: Michael Tilson Thomas conducts the London Symphony Orchestra and pianist Dame Moura Lympany to play Takemitsu, Weber and Mahler; 7.30pm; Apr 2
● *Vienna Symphony Orchestra*: with pianist Rudolf Buchbinder. Nikolaus Harnoncourt conducts Haydn, Mozart and Beethoven; 7.30pm; Mar 31
Royal Festival Hall Tel: (0171) 928 8800
● *Bach*: St. *Matthew Passion*: with the Bach Choir and the English Chamber Orchestra. Sir David Willcocks conducts; 11am; Apr 2
● BBC Symphony Orchestra: with mezzo-soprano Brigitte Fassbaender and conductor Alexander Lazarev plays Wagner, *Mahler and* Shostakovich; 7.30pm; Apr 1
● Grand Operatic Evening: David *Coleman* conducts the National Symphony Orchestra, soprano Susan McCulloch and mezzo-soprano Yvonne Howard in a variety of operatic pieces; 7.30pm; Apr 2
● Rotterdam Philharmonic Orchestra: *with pianist Andreas* Haefliger. Claus Peter Flor conducts Beethoven, Mozart and Shostakovich; 7.30pm; Apr 3
● The London Philharmonic: with soprano Amanda Roocroft. Roger Norrington conducts Mahler's "Lieder eines fahrenden Gesellen" and "Symphony No.4"; 7.30pm; Apr 5

GALLERIES
Whitechapel Gallery Tel: (0171) 522 7888
● Kika Smith: works from the past three years by the artist; to Apr 23
● *New Art from Cuba: works by* contemporary artists from Cuba; to Apr 23

OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● Don Giovanni: a new production of Mozart's opera. House debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Mar 31; Apr 5
● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30pm; Apr 4, 6
Royal Opera House Tel: (0171) 304 4000
● Salome: by Strauss. A new production directed by Luc Bondy and conducted by Christoph von Dohnányi; 8pm; Mar 31
● Siegfried: by Wagner. A new *production directed* by Richard Jones and conducted by Bernard Haitink; 5.30pm; Apr 1 (4pm), 4

■ LOS ANGELES

CONCERTS
Dorothy Chandler Pavilion
● Wigglewcrth's Debut: with pianist *Lars Vogt. Mark Wigglesworth* conducts Beethoven's "Piano Concerto No.2" and Shostakovich's "Symphony No.7" on his debut performance with the Los Angeles Philharmonic; 8pm; Mar 31; Apr 1, 2 (2.30pm)

■ NEW YORK

CONCERTS
Avery Fisher Tel: (212) 875 5030
● New York Philharmonic: with soprano Sylvia McNair, baritone Hakan Hagegard and the Westminster Symphonic Choir. Kurt *Masur conducts an evening of* choral music by Brahms; 8pm; Mar 31; Apr 1
● New York Philharmonic: with pianist Mitsuko Uchida. *Kurt Masur* conducts Beethoven's "Piano Concerto No.2" and Shostakovich "Symphony No.5"; 8pm; Apr 5, 6

OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● *Pelléas et Mélisande*: by Debussy. A new production by Jonathan Miller. Conducted by James Levine; 8pm; Apr 1, 4
● The Ghosts of Versailles: by Corigliano. Produced by Colin Graham, conducted by James Levine; 8pm; Apr 3
● Tosca: by Puccini; 8pm; Apr 1 (1.30pm)
New York City Opera Tel: (212) 307 4100
● Harvey Milk: music by Stewart Wallace, libretto by Michael Korie. A new production conducted by Christopher Keene and produced by Christopher Alden, a story about gay activism, *dirty politics, murder and* street riots; 8pm; Apr 4
● La Traviata: by Verdi. A new production conducted by Yves Abel and directed by Renata Scotto. Soloists include Janice Hall/Oksana Krovytska and Stephen Mark Brown/Richard Drews; 8pm; Apr 1 (1.30pm), 6

■ PARIS

CONCERTS
Châtelet Tel: (1) 40 28 28 40
● Weiner Symphoniker: Nikolaus Harnoncourt conducts Haydn and Beethoven; 8pm; Apr 1

GALLERIES
Centre George Pompidou Tel: (1) 42 77 12 33
● Brassai: works by the French photographer; to Apr 3 (Not Sun)

OPERA/BALLET
Châtelet Tel: (1) 40 28 28 40
● Peter Grimes: by Britten. A new production by Adolf Dresen with Jeffrey Tate conducting the Philharmonia Orchestra; 7.30pm; Apr 2 (5pm), 4
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the orchestra of the *Paris National* Opera; 7.30pm; Apr 5
● The Masked Ball: by Verdi. Conducted by Antonello Allemandi and produced by Nicolas Joël; 7.30pm; Mar 31; Apr 4 (3pm)

■ VIENNA

CONCERTS
Gesellschaft der Musikfreunde Tel: (1) 505 1363
● Weiner Symphoniker: Sir Georg Solti conducts Kodály, Bartók, Weiner, Berlioz and Beethoven; 3.30pm; Apr 1, 2 (11am)

■ WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● National Symphony Orchestra: with pianist Barbara Nissman. Barbara Yahr conducts Kernis, Prokofiev and Rachmaninov; 8.30pm; Mar 31 (1.30pm) ; Apr 1, 4 (7pm)
● National Symphony Orchestra: Elizabeth Schulze conducts Berlioz's "Symphonie Fantastique"; 8.30pm; Apr 6
● Royal Concertgebouw Orchestra: *with pianist Maria Joao Pires*. Riccardo Chailly conducts Berg, Beethoven, Stravinsky and Prokofiev; 8.30pm; Mar 31

OPERA/BALLET
Washington Opera Tel: (202) 416 7800
● Carmen: by Bizet. A new production with Denyce Graves in the title role. Ann-Margret Pettersson directs a production by Lennart Mörk. Conductor Cal Stewart Kellogg. In French with English *surtitles*; 8pm; Apr 1 (7pm), 4
● Tiefland: by Eugen d'Albert. Roman Terleckyj directs a new production by designer Zack Brown. In German with English surtitles; 8pm; Mar 31; Apr 3 (7pm)

THEATRE
Kennedy Center Tel: (202) 467 4600
● *Laughter on the 23rd Floor*: Neil Simon's play set in the 1950's heyday of television comedy; 7.30pm; from Apr 1 to Apr 23 (not Sun)

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Opposition is growing to more foreign involvement in Czech privatisation, says **Vincent Boland**

Different line in asset sales

The Czech Republic, a pioneer among former communist countries in selling off state-owned industries, is running into unexpected opposition to plans to privatise its remaining industrial assets.

The country's mass privatisation programme has turned millions of Czechs into shareholders, and 80 per cent of gross domestic product is now generated by the private sector.

But controversy has erupted over the government's plans to sell stakes in the state telephone company and the country's two oil refineries to foreign investors.

The controversy has arisen because the government has come to the end of the programme of selling off state assets to the public in return for vouchers bought for a nominal sum. Two waves of mass privatisation ended on March 1 when the shares in the second wave became tradeable on the Prague stock exchange.

But although the state is still a big shareholder in important sectors of Czech industry, a third wave is unlikely. Some of the industries that remain in state ownership, such as mining and steel, are heavily indebted, overmanned and producing goods for which there is little demand. Others, such as telecoms and petrochemicals, need large amounts of capital for modernisation – and voucher privatisation does not directly bring in new money. For these reasons, the government is adopting more orthodox methods of selling off the stakes though public share offerings and direct sales of enterprises to single investors.

"From now on Czech privatisation will resemble what we know as privatisation in developed countries," says Mr Zdenek Bakala, chairman of Patria Finance, a Prague investment bank.

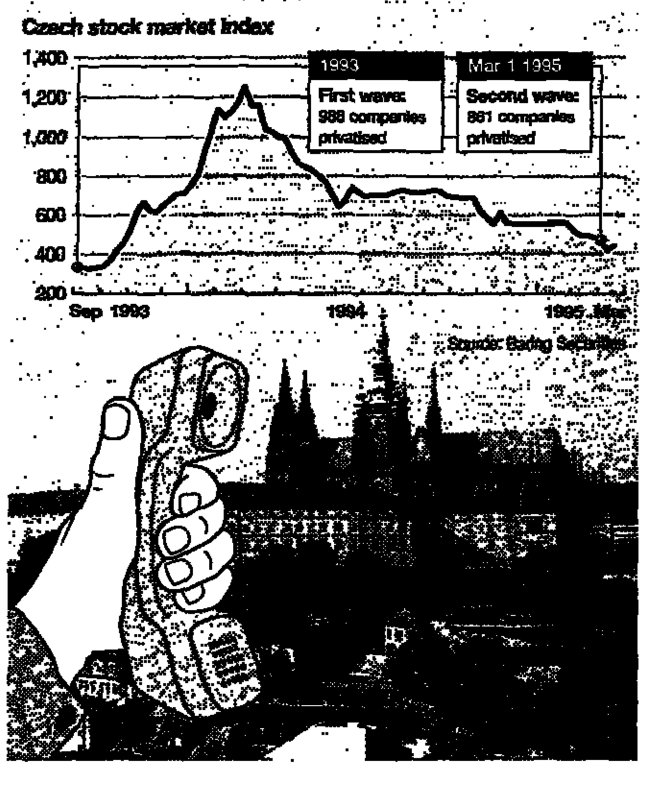
Two large privatisations on more conventional lines are now under way. One is the sale of a 27 per cent stake in SPT Telecom, the state telephone operator, where the government is seeking a foreign partner to modernise the system. The other is the sale of a stake in the country's two oil refineries, where the government is negotiating with a consortium of four western oil companies on a $700m investment.

The sale of SPT shares could fetch up to $1bn, making it potentially one of the biggest privatisations in the region. But Czech companies have been excluded from the bidding because the government maintains they could not afford the asking price. Nor would they bring the benefits of new technology, which SPT badly needs.

Although the state will retain a majority shareholding for at least five years, management control of SPT is to be handed over to the new investor – the cause of much of the opposition to the sale. Many Czechs argue that the country has adequate resources to finance the development of SPT.

There is similar opposition to ceding control of the oil refining industry to foreign investors. Negotiations on the deal, which have dragged on for three years, have been complicated by a rival offer from Chemapol, the importer of Russian oil supplies to the Czech Republic. The government has turned down the offer, saying it is uncertain whether Chemapol has the finances – but the offer is still on the table.

Czech privatisation: controversial



Paradoxically, it is the success of the vouchers-for-shares programme that is behind much of the opposition to the sales. Completed almost without a hitch, it was for many Czechs the equivalent of a spell "in the business school of life", says Mr Nigel Williams, chairman of Creditanstalt Investment Company, a Prague fund manager. After graduating successfully, many believe the country now has the resources and expertise to restructure the economy without outside help.

This argument dates from Air France's ill-fated purchase of a stake in Czechoslovak Airlines in 1992. The French airline backed out of the deal last year after discovering what it said was a hole in the Czech carrier's finances. The government, angry that one of its first deals with a high-profile foreign investor was coming unstuck, bought back the Air France stake last year, and the airline is looking again at partnership options.

The investment in Skoda Auto by Volkswagen has encouraged further doubts about foreign involvement. The German carmaker has scaled down its original investment plans for the Czech company (though if Skoda had remained independent, the future would have been in doubt for a company which accounts for tens of thousands of jobs and generates between 3 per cent and 5 per cent of industrial production).

This sentiment has not been helped by the fall in the Prague stock market. Foreign portfolio investors who benefited from soaring share prices in the early days after privatisation pulled out when the market turned down. This has left domestic private and institutional investors disillusioned with stock market volatility and fed calls for the remaining largesse to be kept at home.

The debate at its sharpest touches on the issue of who should control key industries. Mr Bakala of Patria Finance believes control "is something valued over financial return in many cases".

Despite such concerns, the government remains committed to privatisation. It believes that foreign investment is essential given the shortage of domestic capital. And it stresses the advantages of a foreign partner for SPT, for example, by highlighting the technological benefits.

"The government has done a very good job of making clear to both domestic and foreign investors that capital knows no discrimination," says Mr Daniel Arbess, a partner in the Prague office of White & Case, the US law firm, and head of the firm's global privatisation unit. Ministers, he believes, consider investment decisions in terms of what they will bring to an industry to help it survive in the market.

There is no firm timetable for further sales, in contrast to the meticulously planned voucher programme. And apart from what is already in the pipeline, there is unlikely to be much progress before next year's election.

It is clear, however, that future privatisations will involve more difficult choices than in the voucher programme and that they will have wide implications for restructuring the economy. That process will be painful, but it is a necessary next step.

Philip Stephens

In wondrous disbelief

It is time to share my secret theory. The Prince of Wales is not alone in his fascination with religions of the east. The heir to the throne hankers after the spiritual sureness of Islam. John Major has discovered the self-awakening of Buddhism.

I have to confess my evidence is circumstantial. There are no statuettes of the Enlightened One alongside the well-thumbed volumes of Wisden and Trollope in Downing Street's inner sanctums. But the prime minister's demeanour, it seems to me, is inexplicable except in terms of mystical enlightenment.

Around him rage the feuds of a party bent on self-destruction. The corridors of the House of Commons overflow with plotters and cabals. Ministers routinely denigrate ideological enemies who sit just feet away across the cabinet table. The has-beens and never-will-bes on the Tory backbenches scour for recruits to the anti-Major cause.

The report of the Scott inquiry looms. Whatever the outcome of the latest furore about Jonathan Aitken's past connections with the arms trade, Lord Justice Scott's separate examination of weapons sales to Iraq threatens a grievous blow. The cabinet careers of Sir Nicholas Lyell and William Waldegrave hang by the thinnest of threads. All the while, Michael Heseltine stands loyally, expectantly, in the wings.

And the prime minister? He smiles. He will fight on. He has work to do before an election which will come no earlier than the spring of 1997. Those who know him better than I say he remains prone to bouts of depression. Protracted weekend telephone conversations with a small circle of friends have long provided an emotional safety-valve.

But the brittleness has gone. The smiles at the Commons despatch box are genuine. The paranoia about the press has dissipated. Mr Major behaves as one who has come to terms with the first of the four noble truths of the Buddha: life, fundamentally, is disappointment and suffering.

Starting from there, he has a lot going for him. Suppose, as do most of his colleagues, that the government loses the next election. The history books will not blame him for bringing to an end 17 years of uninterrupted Conservative rule; nor for the blood-letting which, inevitably, will follow.

No, defeat, rightly, will be attributed to the fault line over Europe, to the bitterness left by the demise of his predecessor, and to sheer exhaustion. History may record also that amid this chaos an unprepossessing but decent prime minister stretched every sinew to bring to a close 25 years of killing in Northern Ireland. It might turn out even better. There must always be a small chance, no more than that, of a seismic shift in the political landscape before the election.

Major behaves as one reconciled to the first of the four noble truths of the Buddha: life, basically, is disappointment and suffering

Mr Major's determination to stay suddenly looks explicable. Whether he has that option is not quite as certain. Those Conservatives who think about these things know that another leadership battle would deliver a mortal blow to the party. Mr Heseltine would win, but a first round contest which included Kenneth Clarke and Michael Portillo would turn the European fault-line into a unbridgeable chasm. Commonsense, though, is scarce among Conservatives these days and terror is an unpredictable emotion.

The spectacle is viewed by the Labour party, or New Labour as Tony Blair would have it, with wondrous disbelief and eager anticipation. This time, the party's front bench team is telling itself, those ministerial boxes cannot slip from our grasp. Mr Blair strikes out with audacious forays into enemy territory. The problem with the market is no longer that it exists, but that is not dynamic enough. The problem with society is that there has been too much emphasis on politically-correct rights, not enough on old-fashioned duties. As for the family, it is perfectly obvious, in Mr Blair's words, that it is "the essential foundation of a strong and stable society".

It works. Some of us find nothing startling in such thoughts. But commentators who once worshipped at the feet of Mrs Thatcher now heap praise upon the devoutly Christian Mr Blair as he purges his party of original sin.

The Labour leader is courageous; and tough. The scrapping of Clause IV was a brilliant manoeuvre. He is sticking to a strategy worked out before he won the leadership. He understood then that a framework of principles to replace the ideological baggage of state socialism was essential to reposition Labour as a party of the sane centre-left.

The bold new principles, however, have not been accompanied by brave new policies. Too many would-be ministers are trapped by the reflexes of opposition. They have learnt, often painfully, to accommodate the present. They are timid about the future.

We know that, within a few months or so, Labour will abandon its hostility towards trust hospitals and grant-maintained schools. There is precious little sign, however, of a clear vision of the shape of the education and health services five or 10 years hence. Fear of misrepresentation or, worse, of being caught out, has stifled imagination. Mr Blair once said that the principal task of the first Labour administration since the 1970s would be to demonstrate the party was competent to govern. Competence requires a certain precision of ambition.

Colleagues insist Mr Blair understands this; the same assurance is not given of many who would sit around his cabinet table. And there is another, bigger, issue from which he retreats: Labour's relationship with the Liberal Democrats.

Slowly but surely Paddy Ashdown is confronting his small party with reality. Some of its more parochial supporters still delude themselves that the Liberal Democrats can remain equi-distant from Conservatives and Labour. The majority understand that the notion of sustaining the Tories in office is risible.

The logic is underpinned by some recent private polling. Conventional wisdom has it that support for the third party drains away once it is seen as the agent of a Labour victory. That happened in 1992. Now though, the pollsters are telling the Liberal Democrats that it is identification with the Conservatives which now inflicts the damage.

Mr Ashdown cannot be seen too obviously as a supplicant at Labour's door. But come the autumn, he will signal clearly his party's willingness to do business with Mr Blair; perhaps before an election, and certainly afterwards.

The obvious temptation for Labour is to dismiss the overtures. The electorate seems intent on delivering the prize of government without Mr Ashdown's help. Why, after so long in the wilderness, should it be shared? The shadow cabinet anyway is divided on electoral reform – the price of any pact with the Liberal Democrats. Mr Blair says he will stand by a commitment to a referendum on the voting system. But he professes distaste for the idea of swapping the acknowledged flaws of first-past-the-post for a mechanism which would deliver disproportionate power to a third party.

He should think again. The essence of Mr Blair's message these last nine months has been that Labour has broken free of its class-based past. It is no longer interested in defending concentrations of power among producers or in centralised decision-making. It wants to devolve. There is no magic in proportional voting. But once you have travelled as far as Mr Blair has along the road to pluralist politics, sharing power at Westminster becomes part of the logic.

There is one other, small consideration. The Liberal Democrats might offer Mr Blair a prize much bigger than the single election victory now within his grasp. Mr Ashdown could guarantee him 10 years in Downing Street.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Allow Russia to form its own democracy

From Mr Jakob Modéer.

Sir, Mr Boyko's political turnround, away from democratic ideals, should not have surprised anyone. Having achieved a position of power in the new Russian society, many new capitalists turn conservative as their first priority becomes the protection of their own privileges. Afraid of bandits, however elected, as Chrystia Freeland correctly observes in "Reform to a point" (March 25), the nouveaux riches have become a serious threat to any western concept of democracy. Yet it would be wrong to argue that Russia should adopt a western style of democracy, as Russia is not entirely western by tradition. A western democracy will inevitably clash with traditional Russian social structures and culture.

Russia should be allowed to form its own version of democracy, though this may include stretching the general concept of a liberal democracy. To adopt western democracy without reservations will only open the road for conservative capitalists, ultra-nationalists and ex-communists, all with monopolistic and centralising tendencies, which will most certainly mean the end of Russia's second attempt this century to build a democratic political system.

Jakob Modéer,
11 Petiofi Street,
4000 Plovdiv,
Bulgaria

Film subsidies tax patience

From Jonathan Richardson.

Sir, You report French opposition to the threat Hollywood poses to its film industry. You also report on massive subsidies to Crédit Lyonnais – caused by ill-judged lending and investments, including the purchase of troubled MGM.

Is the French taxpayer subsidising Hollywood more or less than he/she is subsidising the French film industry?

Jonathan Richardson,
4 Rue Gachard,
Ixelles,
Brussels,
Belgium

European culture needs film quotas

From Mr Roberto Barzanti, MEP.

Sir, Following the article "Brussels agrees deal to tighten film and TV quotas" (March 23), I offer a different interpretation.

This proposal has to go through a decision procedure, a second reading in the European parliament and conciliation between three institutions: the European Commission, the European parliament and the Council of Ministers. The text at present cannot be considered European Community policy.

As the European parliament's rapporteur on the first directive, in 1989, I know the difficulties faced by the German government in negotiating a matter over which the Länder have competence. The problem was solved by giving Germany time to consult its regional government. The Karlsruhe Court has said that the Länder were not given sufficient time to consider: this is an eminently political judgment. The German government must react accordingly.

That does not mean common European action is inappropriate or prohibited. Audiovisual works, as well as cultural goods, need specific consideration within international commercial agreements, as recognised by Gatt. Quotas are said by some to be protectionist, but the survival of European culture and the way of life requires such work. It cannot be dealt with like other goods.

Co-ordinated strategies of production and distribution are needed to encourage the European audiovisual industry. The directive on television without frontiers is the key. The requirement that 51 per cent of the material shown by European television channels is of European origin will correct a distorted market.

The new proposal does not go far enough. I hope the European parliament will promote European works further, support independent producers and ensure protection of young people.

Roberto Barzanti,
97-113 rue Belliard,
1047 Brussels,
Belgium

Feelgood index should include tourist rates

From Mr Peter Fiddick.

Sir, Edward Collier's suggestion (Letters, March 21) for the creation of a UK Feel Good Index, the FG100, to add scientific underpinning to journalistic and political comment is timely and deserves support.

Since it would endeavour to measure the sum of individual psychologies, I suggest for inclusion in it a weighted basket of tourist currency exchange rates, a matter which has received curiously little attention, even from personal finance or travel editors, in the current turmoil.

Since relatively less personal travel involves Germany, the D-Mark might be under-represented in such a calculation, which at DM2.15 to the pound, according to Ceefax as I write, is probably just as well, while the US dollar (1.58) looks manageable and the lira at 2,695 makes Italy look a historical bargain.

The French franc, however, which was bad enough at 7.9 last summer and had improved to the 8.2 range before Christmas, today languishes at a scarcely bearable 7.58.

As one of the thousands now preparing for Easter ferry crossings booked around January, this component of my personal Feel Good Index is therefore currently –0.6.

If your readers chip in, we might just get Mr Collier's index going in time for the first FG100 Tracker unit trust Pep to be launched before April 5.

One must doubt, however, whether even Barings would see a futures market in it.

Peter Fiddick,
15 Haverfield Gardens,
Kew, Richmond,
Surrey TW9 3DB,
UK

Overregulation may be worse than market failure

From The Hon Phillip Oppenheim.

Sir, Peter Ingram may be correct in asserting that "regulation often exists to prevent market failure" (Letters, March 28).

The problem is that heavy-handed overregulation by politicians and bureaucrats all too often produces even greater failures than markets.

Labour market regulation is a good case in point. There has, in fact, been relatively little recent growth in casual or temporary work contracts in Britain.

The proportion of the workforce on such contracts stands at 6 per cent – only slightly more than in the 1970s. More to the point, this represents a lower proportion than in the more regulated EU as a whole (11 per cent) and far lower than in highly regulated, socialist Spain (33 per cent).

So attempts to remedy "market failure" through regulation seem, perversely, to have created less employment security.

One possible reason is that employers too often simply cannot afford to employ people within the overregulated system, and have to opt out by casualising staff.

As far as Mr Ingram's assertion that deregulation has created low-wage jobs, the recent independent Employment Policy Institute report questions "the popular stereotype which portrays new jobs as only low paid 'McJobs' ", saying that "the spread of jobs has been broad, with many new jobs higher paid".

Labour market and other reforms since 1979 have massively boosted British productivity, helping to close the gap which had opened with our main competitors, but also sustainably boosting pay at all levels.

The real take-home pay of a single man in the bottom 10 per cent of earnings has increased by 23 per cent since 1979. During the late 1970s, when productivity and real pay stagnated, the same group suffered a fall of 1 per cent.

Phillip Oppenheim,
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FINANCIAL TIMES

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Friday March 31 1995

Cuts from the Bundesbank

It is always dangerous to underestimate the Bundesbank's capacity for surprising the markets, as yesterday's cuts in both the discount rate and the repo rate demonstrated once again. Recent official statements admittedly pointed to growing concern about the impact of a strong D-mark on competitiveness. Yet the possibility of a cut in headline rates was being canvassed only by a minority of forecasters, while few foresaw monetary easing on this scale. Do such tactics pose a risk to the Bundesbank's credibility?

Almost certainly not. For a start, a full half-point cut in the discount rate to 4 per cent, together with a sizeable cut in the repo rate from 4.85 per cent to 4.5 per cent, appears to send a clear signal that the Bundesbank intends this to be the bottom of the interest rate cycle. Compared with a discount rate of 2.5 per cent achieved in late 1987, this falls a long way short of laxity. Moreover, decisive action on interest rates amounts to a more positive assertion of control than allowing currency markets to dictate policy. More importantly, domestic conditions provide ample justification for the moves.

The Bundesbank continues to pay attention, albeit on a pragmatic basis, to the money aggregates; and monetary growth has been decelerating for some time, raising the possibility that the monetary target for the year will be undershot. Bank lending activity is anaemic, while consumer and business surveys tell a story of poor or waning confidence.

The unexpected growth of the economy last year owed a great deal to exports. The recent appreciation of the D-mark, combined with rising wage settlements, will thus have a powerful restraining impact on growth this year. The Bundesbank appears to believe that the economy is more fragile than has been generally appreciated. On past form its judgment must command respect.

External considerations rarely colour the Bundesbank's deliberations on interest rates. But yesterday's cuts will be a source of relief across Europe and are helpfully timed in relation to the presidential election in France. Whether the relief proves substantial or durable is another matter. The flight into the D-mark is more a reflection of the political and fiscal problems of the rest of Europe, than of economic fundamentals in Germany. On any objective yardstick the D-mark is overvalued.

As for the dollar, it is tempting to conclude that if the bottom of the German interest cycle has been reached, yesterday's move ought to mark some kind of turning point. Yet structural rather than cyclical factors provide much of the explanation for the dollar's continuing ability to confound those who have forecast one elusive rebound after another. Indeed, one interpretation of the Bundesbank's cuts might precisely be that it has concluded that D-mark strength will not be reversed in a hurry. Either way, the Bundesbank's move looks well justified from its own domestic point of view.

Talking tough

Customers of the UK's privatised utilities are doing well out of the blowtorch of political pressure turned on the industries. Yesterday North West Water said that it would pay customers rebates of £6.50, as well as giving shareholders higher dividends, as a result of efficiency improvements.

Ms Clare Spottiswoode, the gas regulator, said that regulators were under growing political pressure to be tough, particularly after the electricity regulator's announcement last month that the terms of last August's price review might be tightened in response to public concern. But the risk now is that these moves are blurring the basis of the regulatory system in a manner which is not to customers' long-term advantage.

North West's move is a response to public concern about the rise in utilities' profits, dividends and directors' salaries since privatisation. Directors no doubt also had in mind the Labour party's interest in a windfall tax on profits.

The company's action does not mean that last summer's water price review took too relaxed a view of efficiency gains. Ofwat, the water regulator, yesterday struck the right cool note in asking whether companies paying out rebates and higher dividends could still carry out the capital expenditure to which they are committed.

Since the 1989 privatisation, companies have spent £12bn in 1994 prices on upgrading decayed infrastructure and on meeting environmental obligations imposed by Brussels. In the next 10 years they will spend £24bn. Much of that has been passed on to customers through their bills, pushing up prices above the rate of inflation and making water one of the least popular privatisations.

Mr Ian Byatt, Ofwat's director-general, is right to hold that, as companies argued for higher prices to fund this programme, that should take priority over dividends or rebates. However, in also welcoming the customer rebates, he enters murky waters. He has, rightly, been concerned about steep rises in customers' bills; the terms of privatisation tilted the benefits too far in shareholders' direction at customers' expense.

However, in general, it is for the regulator to redress that balance by setting prices at the fixed-term reviews. If utilities are required to act benevolently towards customers, instead of simply maximising shareholder returns, the implications for regulation are unclear. Will regulators treat companies which have been generous to customers more leniently than those which have not? If such companies run short of money, will they be allowed higher prices, or be told to turn to their shareholders?

Tough talk by regulators is welcome, but as the political heat rises, regulators need to take care to keep the framework clear and predictable. That is the only way in which it will encourage companies to become more efficient. In the long run, that is the path which will most help customers.

Fish wars

There is no obvious reason why deep sea fishing, a thoroughly unpleasant business carried out in appalling conditions, should arouse quite so much nationalistic fury. Most of the year round, the fishermen are taken for granted by the consumers who devour the fish they catch. Yet when so-called "fish wars" break out – off Iceland, in the Bay of Biscay, and now off the shores of Newfoundland, to name but a few – good sense seems to be abandoned. There is no right and wrong, only them and us.

That is how the latest dispute, between Canada and Spain, is being conducted – not just in those countries, but in Britain, too. The Spanish fishermen are accused of being cavalier cheats, with hidden holds and illegal nets. Canada has twice cut trawlers' nets outside its territorial waters without apparent regard for the safety of the sailors. Spain has despatched two warships to the north west Atlantic. Canada is accused of piracy. The European Union mutters about sanctions.

The British government is right to seek to calm the war of words and threatened actions, even if it is on its own in Brussels. Sanctions will not achieve a sensible international solution to the problem of fish conservation, which the fishermen want on both sides.

Negotiations are under way in Brussels between the Canadians and the European Union, and there are some signs of progress. What is needed is agreement on the appropriate conservation measures for the stocks of Greenland halibut in the north west Atlantic, including fair quotas for both Canada and Spain; and agreement on effective enforcement measures which both sides will trust.

Last autumn, the 15 members of the Northwest Atlantic Fisheries Organisation (Nafo) agreed to set a total catch of 27,000 tonnes for 1995, compared with the 60,000 tonnes of the halibut landed in 1994, of which Spanish boats caught about 40,000 tonnes. But they failed to agree on the quotas, which makes the overall conservation figure pretty meaningless.

The key to the whole process is creating a climate of trust, so that both sides believe the other is sticking to the rules. Progress is being made in Brussels on measures to police a new quota system: the EU has proposed satellite monitoring, and the Canadians have proposed putting a Nafo inspector on every trawler. Both will be expensive, but that may be the price of peace.

Now it is up to the negotiators to agree on new quotas. Neither side will help the process if they continue to wage war on the high seas. There is some justice to the EU case that its boats have traditionally caught three-quarters of the total catch, and should be allowed to continue. There is also undoubtedly justice to the Canadian complaint that some Spanish fishermen are cheating: all fishermen do so, if they can get away with it. Both sides need to compromise. Talk of sanctions will not help them do so.

Extreme actions in a savage war

The path to peace in Algeria looks as tortuous as ever after a new spate of killings, says Roula Khalaf

The past week will be remembered as one of Algeria's bloodiest.

A fierce clash in the mountains of Aïn Defla, 150km west of Algiers, is understood to have left hundreds of Islamist militants and an unknown number of government forces dead. Reports of the incident vary widely. So do estimates of the numbers of casualties. But the army-backed government, which usually keeps a tight rein on security reports, has done nothing to prevent the local press from portraying the incident as a significant military victory for the government.

A well-publicised victory against the Islamists is exactly what the Algiers government needs after three years of war. The authorities hope the publicity will lend credibility to the campaign to crush militant forces in advance of presidential elections – which will exclude Islamist candidates – by the end of this year.

Such military manoeuvres, however, are unlikely to bring the country closer to peace. Nor will they stamp out the appeal of the Islamist movement.

This week's military operation is the latest in a series of crackdowns by Algeria's hardline generals since they decided last November to crush the fundamentalists with force.

Their decision followed a half-hearted attempt at dialogue last year with the Islamic Salvation Front (FIS), the Islamist party which was poised to win legislative elections in 1992. It was the government's move to cancel these elections which led many FIS supporters to take up arms under the banner of the Islamic Salvation Army and other more extreme groups in a struggle that has since claimed more than 30,000 lives.

At the same time as implementing the crackdown, government officials have launched a concerted campaign to demonise the Islamist movement in the eyes of Algerians and the west.

Part of this campaign was an organised visit by foreign journalists to Algiers earlier this month, under heavy government protection. This was intended to provide a glimpse of the atrocities perpetrated by the Armed Islamic Group (GIA), the most extreme Islamist faction.

Mr Abderrahamne Meziane-Cherif, the interior minister, claimed that the Islamists consisted of a few hundred men imported from the Afghan war and controlled by an international fundamentalist organisation based in London.

He ended the meeting by handing out briefcases, each containing an 18-page "photo album" crammed with pictures of hideously mutilated bodies. These images were meant to prove, in Mr Meziane-Cherif's words, that the Islamists "are not constituted like groups which have a political agenda and are capable of negotiating".

There is no doubt that the GIA's savagery, which is often targeted at women, intellectuals and foreigners, has terrorised the population and sullied Algeria's Islamist cause. FIS leaders even insist that the organisation – which is known to have been infiltrated by security forces – is a government creation run amok.

But the violence gripping Algiers has won the government few friends. Many Algerians assert in private that responsibility for recent killings rests with the authorities as much as the GIA, regardless of the killers' identity. They attribute the rise of Islamic extremism to what they see as decades of misrule and economic mismanagement, and the rise of violence to the cancelled 1992 elections. They say the killings of Islamists frequently go unreported and point out that fundamentalism appeals in particular to the 60 per cent of the population which is under 25, half of whom are unemployed.

The path to a durable peace will be difficult to follow because of the complications which riddle Algeria's political map.

For one thing, the leadership of the army – which has controlled the country since independence in 1962 – is divided into three groups. The first two are the eradicators, bent on a military solution to the present crisis, and the conciliators, who want a political solution.

The third grouping consists of those generals who, along with their civilian henchmen, hold the economic keys to power. This group wants above all to perpetuate its reign, and shifts its allegiance depending on the circumstances.

On the other side, the FIS is in disarray. Its two leading representatives, Mr Abassi Madani and Mr Ali Benhadj, were released from jail last year and placed under house arrest. Last month they were separated and taken to unknown locations. The silencing of the FIS leadership has served only to radicalise the movement and raise the profile of armed groups such as the Islamic Salvation Army (AIS).

Caught in the middle is the rest of the population. Algeria's "silent majority" is by no means united in its political views. Many fear the Islamic threat to their modern lifestyle, secular values and freedom of expression. Many others, however, support the Islamist movement but no longer dare say so.

But Algerians do seem united on two fronts: hope for an end to the violence; and contempt for the authorities, which many feel have stripped them of their past and are attempting to steal their future.

Faces of Algeria: (clockwise from top right) Islamist fundamentalists before the cancellation of the 1992 elections; Ali Djeddi of the FIS; President Liamine Zeroual; and Abdelhamid Mehri of the FLN

It remains difficult to predict what the future holds in store. The first – and most alarming – of several possibilities is a continuation of the present situation, culminating perhaps in a split in the army leadership. Many fear this could lead eventually to an Islamist takeover or an all-out civil war.

Algerian experts and western diplomats say the power of the Islamists to lure new recruits to the cause remains undiminished and renders the pursuit of an exclusively military solution futile. They point out that the military approach on which the government appears to be engaged does nothing to address the ills which led the young to take up arms in the first place, or the fact that Islamists were robbed of an electoral victory achieved through democratic means.

"If you have an illness, you need to attack it – this is the role of the army," says one expert on Algerian affairs. "But you also need to treat it and remove its cause and for this you need a political solution."

Seeds of a political solution can be found in the national contract signed in Rome in January by Algeria's largest political parties, the Front de Libération National (FLN), the former ruling party, the Front des Forces Socialistes (FFS), and the FIS. This committed the FIS to principles of democracy and called for negotiations with the government on ending the violence ahead of preparations for free elections in which Islamist parties would participate.

There is no assurance that the FIS will be able to persuade the militants to put down their arms. But as Mr Ali Djeddi, a member of the FIS consultative council, said "We are ready to assume this responsibility because the solution must be between the parties involved in the struggle."

The Rome agreement put Algiers on the spot and produced an angry government rejection. Since then, President Liamine Zeroual has stepped up efforts to pursue his efforts to hold presidential elections – excluding the FIS – by the end of this year. Opposition parties consider this a ludicrous stunt aimed at legitimising an illegal government and officially removing the FIS from the political arena.

"There is not a single condition for a free election," says Mr Abdelhamid Mehri, secretary general of the FLN, "but there are all the conditions for a manipulated election."

In spite of such misgivings, the opposition parties are not ruling out participation in possible presidential elections, because they hope that conciliators within the regime may regain the upper hand.

They hope that the Rome declaration and the plans for presidential elections can form the basis of a negotiated solution. As Mr Djeddi of the FIS says: "No one has spoken of a boycott of the elections."

Unlike government officials, opposition leaders are convinced that only a political solution can bring lasting peace to Algeria. "We know we cannot fight forever, we have to sit down and talk," says Mr Djeddi. "We have already lost three years," says the FLN's Mr Mehri. "If we waste any more time, we will only find armed groups around."

The superhighway and other myths

PERSONAL VIEW

The term "information superhighway" was once a useful metaphor for high-capacity networks carrying digital information of every kind. But the phrase has become shorthand for a range of ill-defined, largely mythical, interactive services. Because of this, people have formed the misguided impression that all communications will soon be online, that networks and services will come as a single package.

If there is a common thread in developments in the information industries over the past 15 years, it has been the erosion of monopolies and the enlargement of choice. Digitisation and competition have multiplied the number of ways of receiving, exchanging and using information and entertainment, and will continue to do so. The effect of new networks and services will be to expand choice further and not to funnel it down one route. The days of single delivery mechanisms are over.

It is self-evident that demand for the different services which networks can deliver will vary enormously. It is therefore absurd to lump them together as if their success were preordained.

Nor will networks take over the world. They have big advantages in transmitting large volumes of data quickly and in facilitating exchanges of information and transactions. But local devices are sometimes more appropriate.

This explains why the most successful multimedia product to date has been the CD-Rom, a digital storage device. An estimated 17m computers with CD drives were sold in 1994. The product shows every sign of becoming the standard platform for many information and learning applications, not least because it is much easier to use than most online services.

In the same way, video CDs will be a bigger challenge to video recorders than movies over telephone lines. Durable digital recordings of favourite programmes will be attractive to many consumers. Some may choose to download material from online sources – but only when this is as convenient as other methods.

The widely held notion that markets for online publishing are expanding rapidly is also misconceived. What is expanding is the availability of information and ways of accessing it – that is to say supply rather than demand. The markets for high-value information remain highly concentrated. Not many consumers are prepared to spend much on it, whatever form it comes in.

The notion that markets for online publishing are expanding rapidly is misconceived

Networks add most value in two ways: when they deliver highly specific, urgent information that consumers need immediately to make decisions; and when they fulfil transactions such as financial trades. Most online information generates modest revenues.

The commercial significance of the Internet is not that it provides access to vast stores of information, but that it makes possible new kinds of transaction. It offers a universal, low-cost means of communicating with others, through e-mail and electronic bulletin boards, and direct contact between buyers and sellers. In this it mirrors the big growth areas in networked computing generally: namely, collaborative working and electronic commerce.

New ways of sharing and exchanging information between colleagues and trading partners are already transforming the structure and productivity of many organisations and creating new distribution channels. Online services – and particularly the Internet – are enabling some of these to develop. Transactional rather than publishing applications are fuelling their growth.

It is also wrong-headed to view desktop video-conferencing as the natural evolution of the business telephone call. The digitisation and transportability of video, with its unique ability to illustrate and explain, will find many new applications. But most of these will be specialised. There are big benefits for designers, doctors and advertisers in being able to exchange visual information remotely.

Live video-conferencing can simulate certain kinds of meeting effectively and is growing fast. But it will not become ubiquitous. It has little relevance to most business calls, particularly between colleagues who know each other well. More useful and affordable are conference calls, which combine speech with shared software and information, including stored video.

Networked multimedia is permitting the development of new ways of working, learning, buying and selling. But it is not the yellow brick road to the future. Understanding how markets are evolving means considering how specific combinations of technology and applications could benefit specific groups of customers.

Kieran Levis

The author is principal of Cortona Consulting, a firm specialising in communications markets

OBSERVER

Duty-free traveller

■ Travelling round the European Union in the post-Schengen world – where no passports are required between seven member states, not including the UK – is a weird and wonderful experience, as Pierre Lellouche, foreign policy and defence adviser to Jacques Chirac, front runner for the French presidency, discovered yesterday.

Lellouche decided to test the Schengen arrangement when taking a flight from Paris to London. He arrived for his Air France flight without his passport, armed only with his identification card as a member of the French national assembly.

Horrors! Air France phoned London, and was told that no way would he be allowed into Britain without a proper passport. Lellouche then pulled a few strings. He called the French ambassador in London; the UK ambassador in Paris; and his personal contact in the office of Douglas Hurd, the UK foreign secretary. He also arranged for copies of his diplomatic passport to be faxed to Heathrow. The Air France pilot agreed to let him on board. In London, the airline's station manager presented him with all the copies of his documents.

At passport control Lellouche confessed his crime, and offered his national assembly card. Whereupon he was waved through with a smile, and all his efforts to drop names and present faxed documents were blithely ignored.

Maybe the UK has really joined Schengen – and nobody told it?

Nuclear reaction

■ Trying to make Chernobyl look good would be a challenge for any PR flak. But they're giving it a try in Kiev.

The Chernobyl nuclear power station this week opened an information centre and representative office in the Ukrainian capital, about 100km from the stricken plant, site of the world's worst nuclear accident (so far) in 1986. Ukraine's neighbours, and particularly the European Union, want the plant closed.

The new centre says it aims to "dispel prejudices which people have against Chernobyl, to dissipate ungrounded fears, to show that the main objective of Ukrainian nuclear personnel is constant enhancement of the safety of Chernobyl Nuclear Power Station". Ever tried pushing peas uphill with your nose?

Yo heave ho

■ The EU fisheries directorate should perhaps have known better than to mess with a man who began his working life as a disc jockey and radio show host.

Brian Tobin, Canada's fisheries minister, may not get all he wants at the negotiating table to conserve the north west Atlantic fishery. But his nose for a punchy sound bite and a telling TV image has undoubtedly helped Ottawa win the battle for public opinion on both sides of the Atlantic.

Tobin's grandest gesture was to put the huge nets from the seized Spanish trawler Estai on display to the media at the UN in New York earlier this week. The $35,000 cost of trucking the nets from Newfoundland was a small price to pay for all the news coverage it got. Now he's airlifting 1,500 Canadian flags to Britain's fishermen.

Tobin, 40, demonstrated agile press-manipulation skills early in his career. As an aide to the Liberal leader in his native Newfoundland, he once handed out a confidential police report to local newspapers on a suspicious fire at a Conservative cabinet minister's home.

The fish war has obviously done no harm to Tobin's political career. Dismissed in the 1980s as a backbench loud mouth, he is now, in the words of Canada's Globe and Mail newspaper, nationally lauded as "the hero of Newfoundland and the scourge of the Spanish fleet".

Raised Seitz

■ Ray Seitz, former US ambassador to Britain, has gone native – well almost. Having quit the US Foreign Service in mid-1994, his decision to stay on in London seems to have been driven by concern for the future happiness of Scarlett, his labrador, and Chloe, his golden retriever. If he had left and wanted to return, the poor brutes would have had to sit in quarantine for months. No wonder Seitz is so popular with Brits.

Now he has got a job in the City as a senior managing director at the 144-year-old Lehman Brothers. One of the US's closest approximations to a blue-blooded English merchant bank, it employs Sir Paul Newall, former Lord Mayor of London. Lehman is having to run hard to stay up with the big boys and has been laying off expensive staff. Hence it will be expecting to get value for money from Seitz, who sports a heavy clutch of big non-executive directorships.

However, if Tom Enders – a former US ambassador to Spain and Canada – can make a successful switch to Salomon Brothers when in his mid-50s, Seitz can be as good an investment banker as he was a diplomat.

No respect

■ Old habits die hard. On Wednesday, 1960s gangland convict Ronnie Kray was given a slap-up funeral in his old stamping ground, London's East End. One of the many wreaths featured a portrait of Ronnie with brother Reggie, who returned to Maidstone jail after the funeral.

By yesterday the picture had been nicked.

The Financial Times

50 years ago

Activity in Coal

At no time have conditions in the market for coal shares been anything like so bad as those which have been circulated from time to time in respect of the commodity market itself, nor, so far as can be reasonably judged, is there any reason to anticipate any setback in prices.

On the contrary, it looks very much as though recent activity in this section is the beginning of what may prove to be a further upward movement.

The Reid Committee's report submitted to Parliament on Wednesday suggested that amalgamation is one of the main steps necessary to bring the coal-mining industry to a state of technical efficiency. There are stirrings in this respect ... [and] there is no doubt that in coming years more mergers will be announced and there should be plenty of scope for those investors prepared to take a reasonable risk.

Fears of nationalisation are, of course, still in the background, but the bark of this "ogre" may well prove, as in the case of the railways, to be worse than its bite.

The Financial Times was not published on Sunday March 31 1895

FINANCIAL TIMES
Friday March 31 1995

New Deutsche Telekom chief ready for tough times ahead

Ron Sommer recognises challenges presented by deregulation

By Michael Lindemann in Bonn

When Mr Ron Sommer, the new chief executive of Deutsche Telekom, wanted to complete his doctorate in mathematics at Vienna University in 1971 he found himself in a tangle.

Under Austrian regulations it was not possible to finish doctorates at the age of 22 on the grounds that one could not have completed such weighty work so young.

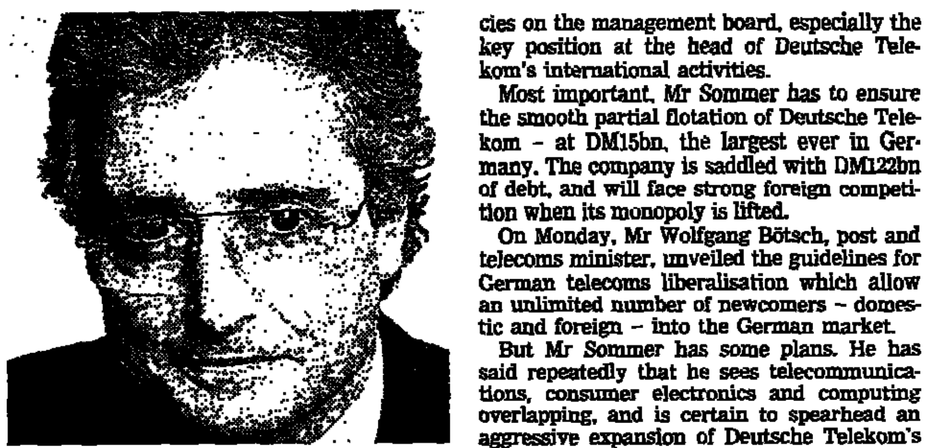
Luckily he was able to get an exemption from the Austrian minister of education and complete his work on time – possibly not the first sign that Mr Sommer, born in Israel of a Russian father and a Hungarian mother, was never going to be an also-ran.

Mr Sommer allows himself a wry smile when considering the circumstances that led to his appointment at Deutsche Telekom. He did not leap at the opportunity. In fact, he had said he "identified himself 200 per cent with Sony", whose European operations he has headed since 1993. He finally sought the advice of Mr Norio Ohga, Sony's chairman, who urged him to accept the job.

Mr Sommer's hesitation was understandable. Deutsche Telekom faces huge challenges as it prepares for the liberalisation of the German market in three years. Yet he is convinced he can meet the challenge, describing the new job as "quite simply the biggest challenge in German industry".

"I am convinced that the potential exists in Deutsche Telekom for it to become the top telecommunications company in the world," he says.

With sales last year of DM64bn ($45.7bn),



Taking the helm: Ron Sommer Picture: AP

Deutsche Telekom is Germany's fourth biggest company, and a formidable step up for the 45-year-old executive. Because of its size, and because telecommunications companies are still regarded as national flag-carriers, the decision about who would take over at the top was one which had to be cleared personally with Chancellor Helmut Kohl.

The task for Mr Sommer is indeed immense. Deutsche Telekom needs to shed 60,000 of its 230,000 employees by 2000 to increase its competitiveness against rivals such as AT&T, the world's largest telecoms company. The 540,000-member German Postal Union, has vowed to do all it can to fight the redundancies.

He quickly needs to fill four other vacancies on the management board, especially the key position at the head of Deutsche Telekom's international activities.

Most important, Mr Sommer has to ensure the smooth partial flotation of Deutsche Telekom – at DM15bn, the largest ever in Germany. The company is saddled with DM122bn of debt, and will face strong foreign competition when its monopoly is lifted.

On Monday, Mr Wolfgang Bötsch, post and telecoms minister, unveiled the guidelines for German telecoms liberalisation which allow an unlimited number of newcomers – domestic and foreign – into the German market.

But Mr Sommer has some plans. He has said repeatedly that he sees telecommunications, consumer electronics and computing overlapping, and is certain to spearhead an aggressive expansion of Deutsche Telekom's activities in interactive media. The fact that the company owns the world's largest cable television network, connected to 14.5m households, gives give a clue to his ambitions.

Mr Sommer arrives at Deutsche Telekom with a strong international background. This may have won him the job. Other candidates included Mr Jens Odewald, the former head of the Kaufhof retail chain, and Mr Eberhard von Koerber, the head of the European division at Asea Brown Boveri, the Swiss-Swedish engineering group.

Mr Sommer started his career in the US at Nixdorf, the German computer company now part of the Siemens conglomerate, and ran its French subsidiary for three years before moving to Sony. For three years he also ran the Sony Corporation of America before returning to Germany to take the Sony Europe job.

THE LEX COLUMN

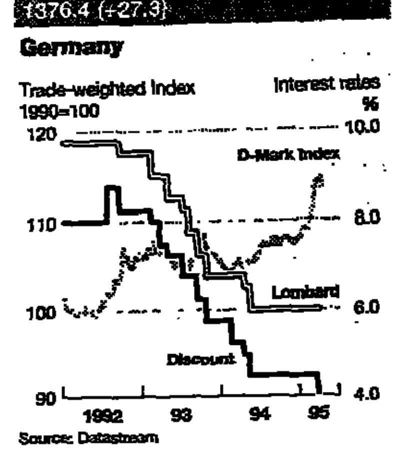
Dousing the D-Mark

The timing, size and direction of yesterday's interest rate cut from the Bundesbank were all surprising. Few expected the German central bank to move at all now, and given the inflationary pressures in the German economy, the Bundesbank could just as plausibly have found reasons for increasing rates as for cutting them. The sheer size of the half a percentage point cut in the discount rate also came as something of a shock.

The domestic justification for the move was odd: last year the Bundesbank slashed rates while money supply ballooned; now it is cutting them again while money supply is shrinking. A more credible reason for the reduction is the strength of the D-Mark: the Bundesbank appears to believe that the economy stands to suffer as a result of the currency's appreciation. However, the evidence for this is not well established. An alternative interpretation is that the Bundesbank is acting primarily to defuse tensions within the EMS, in particular to help out the franc.

The risk lies in the perception that the Bundesbank has put international considerations ahead of its fight against domestic inflation. If this belief gains ground, the D-Mark could weaken and long bond yields rise further, forcing a swift volte-face in policy. Meanwhile, the Bundesbank has temporarily taken the heat off the US dollar and weaker currencies in Europe. But the economic and political factors which caused the weakness of those currencies in the first place have not magically been dispelled.

FT-SE Eurotrack 200: 1376.4 (+27.3)



UK water

From a purist's perspective, North West Water has no business paying customers money that belongs to its shareholders; and the regulator has no business suggesting that other water companies should follow NW Water's lead if they want to boost dividends. Under a deal with the industry last year, the regulator has already taken care of customers' needs. The whole idea behind the system for regulating the UK's privatised utilities is that companies have the maximum incentive to improve efficiency because shareholders keep any extra profits. Yesterday's moves muddy the waters.

But back in the real world, NW Water has been fairly shrewd in offering what amounts to a bribe to its customers not to kick up a political stink as it increases dividends. Even if the company has not bought off the Labour party, it has neutralised the regulator.

Moreover, on closer examination, shareholders do rather better out of NW Water's plans than the rhetoric promising a 50:50 split of efficiency gains with customers suggests. Out of £400m saved on capital spending since privatisation and further large efficiencies in operating costs, only £90m is being paid to customers. The main benefit to shareholders is not the £90m special dividend they will receive over five years; it is rather the double-digit increases in ordinary dividends that should be possible by gearing up its balance sheet and cutting dividend cover from three to two times. If the comparatively small payment to customers secures the regulator's blessing for a bigger payment to shareholders, it is a bribe worth paying.

British Aerospace

British Aerospace is blowing its trombone again. This is the name for the smart, but complex financial instrument it has arranged to help it outgun GEC if it comes to a bidding war for VSEL, the submarine maker. BAe first used the instrument – a two-stage rights issue in which part is paid upfront and part paid only if the cash is needed – before both rivals' VSEL bids were referred to the Monopolies and Mergers Commission.

Now that the commission's deliberations are drawing to an end, BAe has arranged another trombone. This time, the trombone has further bells and whistles attached. One is that even the first instalment will be paid back to shareholders if the cash is not needed for VSEL. Another little trinket is the warrant programme attached to the rights issue. This will bring in a further £100m of equity if fully exercised.

Cynics will note how BAe never misses an opportunity to tap shareholders for cash. But the main point of the clever financing is to prevent GEC launching a pre-emptive strike if both bids are cleared by the commission. BAe will be able to kick in immediately with its own cash bid. The trombone will also allow it to increase the bid if needs be, without going back to underwriters.

Given that BAe would enjoy big tax advantages from acquiring VSEL that would not be available to GEC, the aerospace group can afford to pay more. GEC is unlikely to give up without a fight. But, with its new trombone at the ready, BAe now looks best-placed to win.

Redland

Cutting dividends at a time of substantial earnings growth may seem bizarre, but in the case of Redland, the management has not gone far enough. The shares reacted badly to the news yesterday, but Redland should have slashed its dividend years ago. The fact that it is now substantially increasing capital expenditure demonstrates the extent to which funding for the businesses was previously limited by payouts to shareholders.

Such financial restraint was inevitable. The only cash the group derives from its massively profitable German subsidiary Braas is a dividend. As a result Redland has suffered significant cash outflows. These would have increased this year, given a £74m deferred payment for previous acquisitions. At least yesterday's proposals will improve cash resources. However, there is another problem. Redland has failed to generate sufficient UK earnings to match its Advance Corporation Tax outlay. And it could still suffer a £15m shortfall in UK taxable earnings, for ACT purposes, even assuming a 50 per cent rise in UK profits this year.

So long as UK businesses continue to under-perform overseas operations, ACT will remain a problem, thus raising the spectre of further dividend disappointment. An obvious solution would be to sell overseas businesses, and reinvest in UK earnings streams. But the profitability and tax efficiencies of Redland's overseas operations would be hard to replace. A deeper cut to the dividend would have been a less painful solution.

US term vote defeated

Continued from Page 1

crats and the lone independent in opposition. It was easily the largest party defection from the Contract's 10 cardinal points so far.

Senator Robert Dole, the Senate majority leader, said afterwards he would schedule a term limit vote in the upper chamber this summer, but it would serve only as a political symbol. The Senate has shown less enthusiasm for the contract, the Republican manifesto in the mid-term congressional elections last November, having already rejected a proposed constitutional amendment to balance the budget.

Mr Newt Gingrich, the House Speaker, wound up the debate by warning the Democrats that "paying some attention to the American people would have been useful". He said the first item on the House calendar in 1997, if his party were still in control, would be another term limits proposal.

But even Mr Gingrich showed ambivalence on the issue. He conceded that opposition arguments that term limits were inherently undemocratic were "fair", because such restrictions circumscribed the voters' freedom to send to Washington whomever they choose. But the will of "the American people", as expressed in opinion polls, could hardly be overlooked, he said.

The term limits cause has widespread and vociferous support, and 22 states have called for them, many through referendums. The most ardent support in Congress is among younger members and, outside, among independents professing allegiance to the ideas of Mr Ross Perot.

In the 1992 presidential election, Mr Perot, running as an independent, drew support equally from both main parties. But, in the congressional mid-term elections last year, when his movement was unrepresented, his supporters split at least 2:1 in favour of Republican candidates. The contract was partly drawn up to attract Perot supporters.

Mr Perot, a Texan billionaire, has been quiet of late. But there is hard evidence of a growing trend for Americans to register themselves, courtesy of the "motor-voter" act, as independents, rather than Democrats or Republicans. The act requires states to allow citizens to register to vote on the form they also use to apply for a driving licence or welfare benefits.

Some Americans are disaffected with President Bill Clinton, some with the contract and Mr Gingrich, who has low poll ratings, but Mr Perot's influence clearly remains. What cannot be known yet is whether voters will blame the Democrats for frustrating term limits or the Republicans for failing to deliver them.

It is also possible that the momentum for term limits has simply passed its peak through greater exposure to public debate.

UK acts to attract more investors to government bonds

By Antonia Sharpe in London

The UK government yesterday took steps to make its debt more attractive to investors, in order to reduce the cost of funding the shortfall between what it spends and raises in taxes.

Ministers said they would introduce an annual timetable for the auction of gilts – government bonds – and give the market more advance notice about the life of the gilts to be auctioned. They hope this will make the borrowing programme more transparent and predictable.

The news was welcomed by gilts traders, who have called for a more open auction system in line with best practice overseas.

Under the present system, the Bank of England announces the maturity of gilts less than two weeks before the an auction is held. This causes uncertainty and speculation in the days running up to the auction announcement, which tends to put off international investors.

"Anything that reduces uncertainty has to be welcomed because that means lower yields," said Mr Nigel Richardson, head of bond research at Yamaichi, the Japanese bank.

The government wants lower yields, which means it is paying a lower interest rate to borrow from investors.

Mr Anthony Nelson, the Treasury minister who has been steering the market's reform, said that "serious money" could be saved if the government achieved lower funding costs.

He said a reduction in gilt yields of one-tenth of 1 per cent could save taxpayers £250m ($400m) a year, though he acknowledged the savings would be difficult to quantify.

About 20 per cent of gilts are held by foreigners but this figure is likely to rise now that the UK has adopted international standards. A wider pool of investors should also allow the government to cut funding costs.

Yesterday's development comes a month after the government gave the green light to a "repo" market, which is due to start at the beginning of next year. Repos allow market participants to borrow and lend gilts to each other and are common in other government bond markets. The main benefit of a repo market is that it makes the underlying government bond market more liquid and efficient.

Bonds, Page 28

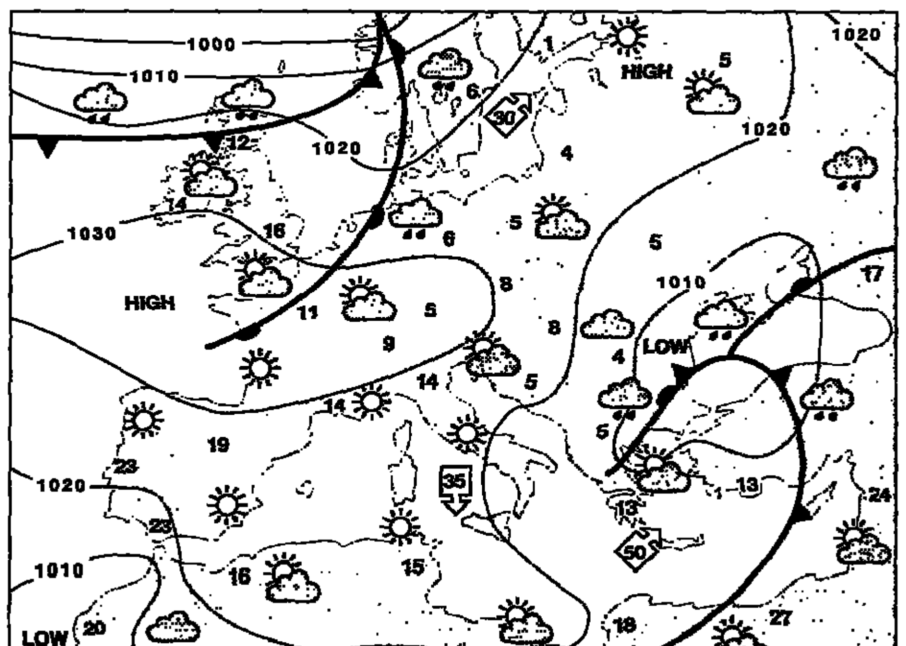
FT WEATHER GUIDE

Europe today

North-west Europe will become unsettled owing to several frontal zones associated with a depression north-east of Iceland. As a result, Scotland, the Benelux, northern France, Germany and Denmark will have rain. One of the fronts will linger over western Scandinavia, producing quite a lot of rain. Eastern Finland and the Baltic states will have plenty of sun, especially early in the day. Southern France, Spain and Italy will have a lot of sun. North-east and central Europe will have sunny spells. South-east Europe will have rain as a result of a depression over the western Black Sea.

Five-day forecast

High pressure over north-west France and the southern UK will give settled conditions over France and the south-eastern UK. Just north of this high, weakening frontal zones will reach the north-west of the continent producing drizzle interspersed with partly cloudy and dry conditions. Temperatures will reach seasonal levels.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	fair	14	Caracas	shower	29	Faro	sun	21	Madrid	sun	19	Rangoon	sun	35
	Celsius		Belfast	cloudy	14	Cardiff	fair	13	Frankfurt	rain	6	Majorca	sun	16	Reykjavik	snow	1
Abu Dhabi	sun	27	Belgrade	cloudy	7	Casablanca	fair	20	Geneva	fair	9	Malta	sun	14	Rio	fair	32
Accra	cloudy	31	Berlin	rain	5	Chicago	fair	7	Gibraltar	sun	15	Manchester	fair	15	Rome	sun	13
Algiers	cloudy	15	Bermuda	shower	16	Cologne	rain	7	Glasgow	rain	14	Manila	fair	33	S. Frsco	fair	21
Amsterdam	rain	10	Bogota	cloudy	19	Dakar	fair	24	Hamburg	rain	7	Melbourne	cloudy	17	Seoul	fair	9
Athens	fair	15	Bombay	sun	32	Dallas	thund	14	Helsinki	sun	1	Mexico City	sun	27	Singapore	shower	31
Atlanta	cloudy	19	Brussels	rain	8	Delhi	fair	31	Hong Kong	cloudy	22	Miami	fair	29	Stockholm	drzzl	8
B. Aires	fair	21	Budapest	fair	9	Dubai	sun	26	Honolulu	shower	28	Milan	sun	16	Strasbourg	cloudy	8
B.ham	fair	16	C.hagen	rain	6	Dublin	fair	15	Istanbul	shower	13	Montreal	snow	0	Sydney	fair	21
Bangkok	shower	35	Cairo	fair	28	Dubrovnik	fair	12	Jakarta	thund	31	Moscow	cloudy	6	Tangier	cloudy	22
Barcelona	sun	16	Cape Town	cloudy	17	Edinburgh	drzzl	15	Jersey	fair	14	Munich	rain	3	Tel Aviv	fair	25
									Karachi	sun	32	Nairobi	fair	27	Tokyo	fair	18
									Kuwait	sun	30	Naples	fair	12	Toronto	fair	3
									L. Angeles	sun	27	Nassau	fair	29	Vancouver	shower	13
									Las Palmas	fair	22	New York	fair	13	Venice	sun	13
									Lima	fair	28	Nice	sun	14	Vienna	fair	6
									Lisbon	sun	22	Nicosia	fair	18	Warsaw	fair	5
									London	fair	16	Oslo	cloudy	8	Washington	fair	13
									Lux.bourg	rain	7	Paris	cloudy	11	Wellington	shower	19
									Lyon	fair	10	Perth	fair	26	Winnipeg	fair	5
									Madeira	fair	20	Prague	fair	5	Zurich	fair	5

FINANCIAL TIMES
COMPANIES & MARKETS
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Friday March 31 1995

IN BRIEF

Commerzbank off to slow start

Commerzbank, the German bank, has cautiously forecast a full-year improvement in spite of a slow start to 1995, with a decline in operating profits in the first two months. Page 18

Production shake-up helps lift CMB 14%
CarnaudMetalbox, the Anglo-French packaging group, announced a 14 per cent rise in net profits last year, to FFr950m ($195.1m) from FFr835m. It attributed the increase to improved productivity. Page 18

Ferfin to simplify control of Fondiaria
Ferruzzi Finanziaria (Ferfin), the Italian holding company which came close to collapse in 1993, plans to simplify the complex chain of companies through which it controls 34 per cent of Fondiaria, one of Italy's biggest insurance companies. Page 18

Mediobanca gains before provisions
Mediobanca, the influential Milan merchant bank, announced an increase in half-year profits to L343.3bn ($201.8m) before tax and provisions. Page 18

Sumitomo Metal reorganises units
Sumitomo Metal Industries, one of Japan's leading steelmakers, announced a broad restructuring which it hopes will cut its workforce by 1,600 during the next two years. Page 23

ING profits advance 13% for year
Internationale Nederlanden Groep, the big Dutch financial services company which earlier this month rescued Barings Bank of the UK, posted a 13.5 per cent increase in net profit for 1994, in spite of a sharp drop in results on financial trading for its own account. Page 20

Iberia plans to wind up Viva Air
Iberia, the state-owned Spanish airline which is awaiting a decision by the European Commission on a planned Pta130bn ($1bn) capital injection, is proposing to wind up its profitable subsidiary Viva Air and absorb its charter operations. Page 20

Bank Austria profits drop 22%
Bank Austria, the country's largest bank, has blamed a 57 per cent slump in own-account trading profits, to Sch761m ($78.5m), for a 22 per cent slide in annual pre-tax profits to Sch4.8bn. Page 18

BAe to fund war chest with rights issue
British Aerospace has launched a £383m ($612.8m) rights issue to fund its war chest for a renewed assault on the submarine maker VSEL if it is cleared by the Monopolies and Mergers Commission to bid again. Page 24

Disposal losses hold back Amec
Pre-tax profits of Amec, the construction and engineering group, dipped from £20.4m to £20m ($32m) in 1994, after exceptional losses of £6.3m on property and asset disposals. Page 26

SeaPerfect reduces deficit
SeaPerfect, the world's largest controlled producer of shellfish, reported a pre-tax loss for 1994 in line with expectations at £971,000 ($1.55m), from a deficit of £2.69m in 1993. Page 26

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Bil & Berger	610	+	18
BHF	555	+	20.5
Metallgesell	113	+	5
Falls			
Allianz	2355	-	13
CKAG Colonia Pf	640	-	10
SAP	1170	-	32
NEW YORK ($)			
Rises			
Chrysler	42½	+	1¾
James River	25⅝	+	2¼
WellPoint Hlth	36¾	+	2¼
Falls			
Intel	85	-	2⅛
Micron Tech	74⅝	-	4⅛
Microsoft	70½	-	1¾
LONDON (Pence)			
Rises			
Alexon	35	+	4
Flextech	387	+	22
Next	291	+	11
Silentnight	179	+	16
Falls			
Grosvenor Dev	115	-	14
Redland	445	-	22
TORONTO (C$)			
Rises			
Acme Metals	24½	+	1⅜
Chrysler	58⅞	+	2⅛
Franco-Nevada	66½	+	2¼
Magna Intl	53⅝	+	1¼
Falls			
Potash	61¼	-	1¼
Xerox	54⅞	-	1⅛

PARIS (FFr)			
Rises			
Air Liquide	798	+	16
BNP	252.5	+	11.5
Cr Nationale	376	+	36
Peugeot	675	+	32
Sommer-Allibert	1640	+	150
Falls			
SLIC	667	-	15
TOKYO (Yen)			
Rises			
Ind Bk Japan	2310	+	60
NEC	934	+	14
Sankyo	2050	+	20
Tosoh	471	+	80
Falls			
Pioneer	1790	-	70
Sony	4320	-	50
HONG KONG (HK$)			
Rises			
China Motor	58	+	1
HK Bldg Loan	15.2	+	0.7
HSBC	88	+	0.5
Falls			
HK Elec	24.75	-	0.5
Sun Hung Kai	53.5	-	0.7
TV Broad	36.2	-	0.8
BANGKOK (Baht)			
Rises			
Morakot Ind	262	+	22
Siam Tyre	392	+	10
Falls			
Finance One	117	-	11
Rockworth Pub	53.5	-	9.5
Utd Comm	342	-	10
Utd Motor	135	-	12

New York & Toronto prices at 11.30.

BMW forecasts 'satisfactory' year

By Haig Simonian in Munich

BMW, the German executive and luxury carmaker, increased its pre-tax profits by 65 per cent to DM1.38bn ($980m) last year, and forecast a "satisfactory result" for 1995.

Mr Bernd Pischetsrieder, chairman of the BMW management board, warned that currency fluctuations could hit the company's financial performance this year, however. Its share price fell DM1 yesterday to close at DM679.

Mr Pischetsrieder said that the opening of the group's new car plant in the US, increasing purchases of materials and components in US dollars and related currencies, and the acquisition of Rover, the UK carmaker, had not been sufficient to offset the impact of the current strength of the D-Mark.

Excluding Rover, the volume of BMW car sales rose 7.1 per cent in the first quarter to 150,000, while its turnover increased by 13 per cent to DM8.5bn and production rose 19.3 per cent to 165,000.

Mr Pischetsrieder warned that the first-quarter performance could not be extrapolated for the full year, as production a year ago had been depressed by the changeover of two models. Output later this year will also be depressed by the launch of a replacement for the 5-series.

BMW group vehicle production in the first quarter including Rover, which was acquired in March 1994, totalled 305,000, while group turnover stood at DM11.25bn.

Rover production rose 3.2 per cent to 137,300 in the first quarter, but its sales volume fell 2.3 per cent to 114,800 partly because of the imminent replacement of the 200/400 series, its main volume car.

Mr Pischetsrieder called for more flexible working practices, lower taxes and wage restraint in Germany. Singling out higher than inflation pay rises in Germany, he said: "This forces many companies to improve their cost structure in some other way, the inevitable consequence being a further shift of jobs to foreign markets."

Production at the group's new US plant at Spartanburg, South Carolina, was now building up after delays caused by teething troubles in the paint shop. The plant, which is running about three months behind schedule, is producing about 30 318i models a day and a limited number of Z3 sports cars.

The Spartanburg-made 318i has a US local content of about 20 per cent of its value, according to a senior BMW executive. That should rise to 40 per cent, while the Z3's local content would be more than 60 per cent. He confirmed that BMW was considering boosting capacity at the Spartanburg plant to 110,000 units, but no decision had yet been taken.

Axa seeks purchases as net income grows 11%

By Andrew Jack in Paris and Ralph Atkins in London

Axa, one of France's largest insurance groups, yesterday reported an 11 per cent rise in net income to FFr2.27bn ($458m) in spite of the impact of the falling dollar and a sharp reduction in capital gains.

Mr Claude Bébéar, chairman, confirmed that the group was continuing to look for new international acquisitions, but planned to expand operations in Germany through its direct selling arm rather than through purchases.

He said profits rose as a result of improved technical results, cost reductions and a strong increase in net income from the life assurance activities of The Equitable, the US insurer it controls, which rose five-fold to FFr607m.

The group said net income would have been 23 per cent higher but for the fall in the dollar. Income rose in spite of a decline in capital gains from UK and French stock markets.

Non-life profits fell 7 per cent to FFr450m, offset by a 20 per cent rise in life assurance to FFr1.27bn. Reinsurance profits rose 87 per cent to FFr321m, and financial services and property were up 32 per cent to FFr946m.

The board recommended a dividend up 10 per cent to FFr5.50.

Mr Henri de Castries, executive vice-president, said that Axa was helped by its small property portfolio and the fact that it did not own any banks, which had taken some losses on property lending in the French property crisis.

He confirmed that the group was still seeking acquisitions, and highlighted the scope for purchases among the small and medium-sized life insurance companies in the UK. He said the company was unlikely to embark on any large acquisitions until it had integrated January's A$1.1bn (US$801m) purchase of a controlling stake in National Mutual, Australia's second-largest life company.

However, Mr Bébéar said the cost of buying insurance companies in Germany was too high. He said Axa Direct in Germany, which employs 40 people, is concentrating initially on motor insurance but will expand into household policies.

Germany is regarded as difficult to penetrate, because of conservative customer attitudes. "Starting from scratch is a good solution. It will take time but we are in no hurry," said Mr Bébéar.

He said Axa's hopes of a New York Stock Exchange listing may have to be postponed until 1996, because of the National Mutual deal. Such a listing would help development in the US, he said.

Take-up of fresh equity has slowed down, writes **Conner Middelmann**

European issues hit a sticky patch

The Bundesbank's latest interest-rate cuts could provide relief for Europe's primary equity sector, which has been limping along in recent months, in marked contrast to last year's buoyant activity.

New-issue volume has been depressed by falling stock markets, currency turbulence, political uncertainties and disgruntled investors sitting on losses from previous offerings. Last week two issues were pulled, one was downscaled, and many other deals in the market are facing an uphill struggle.

In the first three months of this year, only 41 equity issues worth $4.6bn were launched worldwide, compared with 111 worth $14.1bn in the same period last year. In western Europe, 12 issues worth $2.4bn have come to the market during the first quarter, against 28 worth $8.2bn in the same period of 1994. "There is a distinct lack of confidence in Europe's stock markets," says Mr Peter Chambers, global strategist at James Capel. "Investors' perception is that European growth is not robust and 1994's growth rates are not sustainable, especially in the hard-currency markets like Germany."

The D-Mark's recent surge against the US dollar and other European currencies has weighed heavily on the German stock market amid fears of poorer earnings prospects for exporters. As a result, Germany's Schwarz Pharma last week postponed a planned IPO which had been expected to raise about DM250m.

Cyclical stocks too have been hit by fears that the European economic cycle will be short-lived, and steel stocks suffered from news of price cuts by US steelmakers. That weighed on IPO plans for Gränges, the aluminium and metalworking company Sweden's Electrolux was planning to spin off; with investors unwilling to bid within the indicated price range, the issue was pulled. It also doesn't augur well for the privatisation of French steel company Usinor Sacilor, expected to be launched after France's elections in May.

Many issues which came to the market over the last year have performed poorly, making investors wary of buying into new issues. "If you run down the list of European equity issues of the last five to six months, you see an awful lot of red ink," says Mr Gavin Farley, head of equity capital markets at Salomon Brothers.

To be fair, in many cases the poor performance has been due to weak stock markets. Moreover, some smaller issues in less exposed sectors have experienced few difficulties, and some have performed quite well.

Nevertheless, Mr Farley says investors have increased their risk premium based on their recent experience with new issues, and this is driving prices for new equities down. Moreover, intense international competition for capital is creating a supply and demand imbalance so if issuers want to get their deal away, they have to price it at a level where investors will buy it. "Issuers may be the masters of their own universe domestically, but once they go out into the cross-border world, it's the international fund manager in London, Edinburgh, Boston or New York who's in the driving seat," says Mr Farley.

"There's a fair amount of cash on the sidelines in Europe which could be tempted back by attractive valuations when the markets stabilise."

Moreover, "we should see flows to Europe from US pension funds as they continue their international diversification." Indeed, continued dollar weakness would favour increased investment flows from the US into strong-currency markets; a dollar rally, on the other hand, would take some pressure off earnings concerns in Europe.

However, the Bundesbank's move – even though it has taken some immediate pressure off cross rates – may offer only temporary respite for European equities. For while it could provide stock markets with an excuse to go higher near-term, a rally may release further supply of fresh equities, thus stymying any sustainable recovery.

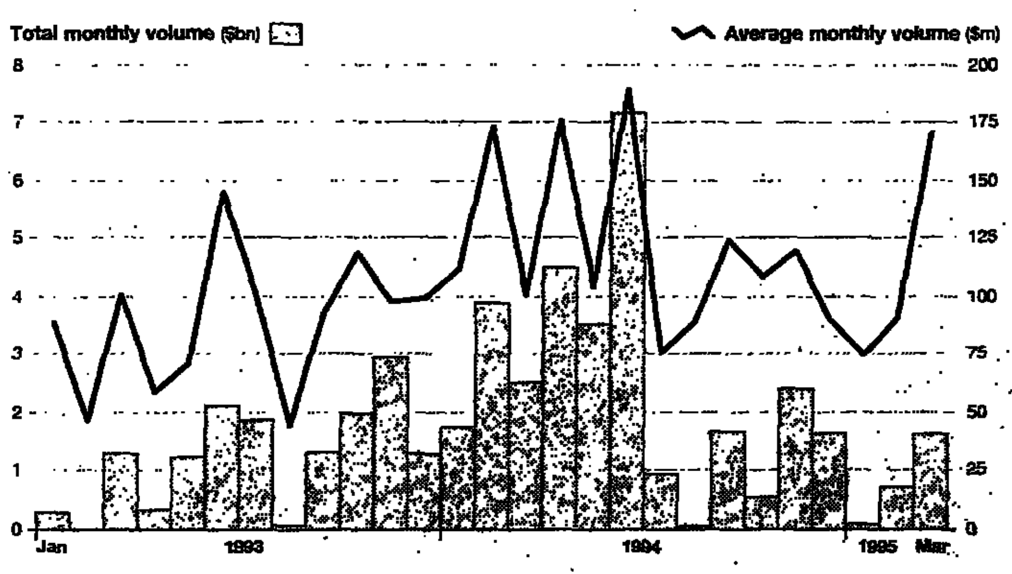
"Every time the markets go up we will see more supply coming out of the woodwork and that will put a cap on the market," warns Mr Young.

European privatisation sales have slowed, with the £4bn ($6.4bn) sale of the UK government's remaining stake in National Power and PowerGen the only large issue in months. Nevertheless, "the European privatisation process has not been derailed – the train is just going more slowly," says Mr Murray Davey, manager of the Kleinwort European Privatisation Investment Trust. The Organisation for Economic Co-operation and Development expects the proceeds from European privatisations to total some $40.5bn this year, compared with $50.8bn in 1994.

Governments which can rely on a strong domestic retail base for their sell-offs will be the most likely to succeed, some say. "A domestic market is the natural home for stock in all weather – international markets tend to be much more fickle," says one syndicate manager.

Amid the doom and gloom, help could come from several quarters, says Mr Mike Young, director of European investment strategy at Merrill Lynch.

Western European equity issues



Recent offerings' performance

Pricing date	Issuer	Country	Amount issued ($m)	Issue price in local currency	30/3/95 price	Price change (%)
06 Mar 1995	PowerGen*	UK	2,834.4	195.0	184.0	-5.69
06 Mar 1995	National Power*	UK	3,867.9	180.0	162.0	-10.00
06 Feb 1995	Seita	France	696.0	139.0	191.0	-1.58
20 Jan 1995	Finnair	Finland	89.0	35.0	28.3	-19.14
07 Dec 1994	British Sky Broadcasting	UK	392.7	256.0	258.0	+0.78
22 Dec 1994	TeleWest Communications	UK	615.6	182.0	170.0	-6.59
14 Nov 1994	EVC International	Netherlands	404.5	77.0	66.5	-13.63
03 Nov 1994	Enterprise Oil	UK	304.2	369.0	399.0	+8.13
02 Nov 1994	Renault	France	2,047.8	176.0	164.0	-6.82
28 Oct 1994	Stadshypotek	Sweden	199.8	92.0	97.5	+5.99
20 Oct 1994	Technip	France	307.5	257.0	275.0	+7.00

Source: Euromoney Bondware, Salomon Brothers
* Partly-paid shares

Luxottica heats up battle for US Shoe

By Maggie Urry in New York

The battle for US Shoe became more heated yesterday as Luxottica Group, the Italian spectacle maker, launched another attack on the US retailer which has rejected a $24 per share offer.

Luxottica appealed to US Shoe shareholders over the heads of their board in an attempt to force the company to negotiate. In a letter to US Shoe shareholders, Mr Claudio Del Vecchio, managing director of Luxottica, urged them to "send a clear message to US Shoe management to stop stalling and negotiate the best deal for shareholders rather than golden parachutes for themselves".

Luxottica asked shareholders to call for a special meeting at which a motion to replace US Shoe's directors with Luxottica nominees would be debated. If that succeeded the new board would lift the "poison pill" preventing a takeover.

However, with the US Shoe share price above Luxottica's offer some investors said that only a higher bid would swing shareholders in Luxottica's favour.

US Shoe's share price is above the $24 offer and yesterday was up $⅛ to $26¼.

After rejecting the $1.1bn offer, US Shoe is now breaking up the business. It has already agreed to sell its footwear business to Nine West, a shoe retailer, for $560m in cash plus warrants estimated to be worth $40m. A sale of the loss-making apparel chain is also expected, perhaps raising $50m.

That would leave the LensCrafters chain of opticians which is Luxottica's target. Many believe that at $24 a share, Luxottica would be buying LensCrafters cheaply. There have been rumours of an offer for the chain of $700m.

Mr Leon Cooperman, fund manager at Omega Capital Partners which holds 5.8 per cent of US Shoe shares, said the "legal tactics are irrelevant. $24 is not close and we have told them that".

Mr Guy Wyser-Pratte, head of the Wyser-Pratte arbitrage firm which holds about 1 per cent of US Shoe shares, said "the poison pill is meant to act as a gavel". When the bidding stops, he said, the poison pill could be removed. "Luxottica would love to run off with this thing at $24," he said but he expected it would take an offer in "the high 20s or maybe $30" to succeed.

Redland cuts payout despite rise

By Andrew Taylor and David Wighton in London

Redland, the world's biggest roof tile manufacturer, cut its final dividend by a third in spite of a 34 per cent increase in pre-tax profits to £388.4m ($621m) last year. Mr Robert Napier, chief executive, said Redland needed to conserve cash to invest in more efficient production in continental Europe where it was market leader, and also to make acquisitions in growth markets in Asia.

The company's shares fell 22p to 445p following the news that the final dividend was being cut to 11.17p. The interim dividend for 1995 would also be cut by a third to 5.5p.

The company, which previously had been criticised for paying an unsustainable dividend, said UK profits were recovering more slowly than it had expected and it needed to spend more on reducing costs to generate profits growth.

Redland, also one of Europe's biggest producers of bricks and concrete, said it was generating insufficient UK earnings to offset advance corporation tax (ACT) liabilities which was constraining its ability to finance capital expenditure and acquisitions.

More than 90 per cent of after-tax earnings had been paid in dividends to Redland shareholders in the three years to 1993. The company's ACT liabilities have increased as the number of Redland shares in issue has almost doubled from 276m to 515m since 1991.

Some analysts questioned yesterday whether the dividend cut had been deep enough. "There is a real danger that ACT problems could return," said one.

In a separate move, Redland has increased the cash dividend it receives from Braas, its 51 per cent-owned German subsidiary which last year paid Redland £30m. Mr Napier said he had agreed with minority shareholders of Braas that the German company should distribute 63 per cent of its earnings in 1994, 1995 and 1996. Previously Braas has distributed an average of 30 per cent. Redland also is selling for A$195m (US$142m) its 49 per cent interest in Monier, the Australian and New Zealand brick producer, to CSR, the Australian building materials and sugar group which owns the other 51 per cent.

Background, Page 24

INTERNATIONAL COMPANIES AND FINANCE

Commerzbank off to slow start

By Andrew Fisher in Frankfurt

Commerzbank, the German bank, has cautiously forecast a full-year improvement in spite of a slow start to 1995, with a decline in operating profits in the first two months.

Like other German banks, Commerzbank suffered last year from weak bond markets. Its group operating profit was 39 per cent lower at DM692m ($502.4m), mainly because of an 81 per cent slide in earnings from own-account trading, to DM105m. After proceeds from the sale of shareholdings in other companies, net income was 80 per cent higher at DM1.06bn.

Mr Martin Kohlhaussen, chairman, said the 1994 result fell below expectations. "We had set our sights higher, and that goes for the structure of our profits as well as for the avoidance of problems on the capital market side and the consequences of recession in Germany," he said.

He said financial markets remained risky, and the bank was taking a cautious approach, especially abroad. "Of course, we hope for a better result this year if our calculations are not upset by any unforeseen negative developments," he said. Net interest income was 9.5 per cent higher in the first two months, and commission income was down 18 per cent as a result of weak securities business.

Own-account trading yielded a small profit, of DM43m, in the January-February period. Total income was 2.3 per cent higher at DM1.2bn before higher operating costs (including a bonus to employees for the 125th anniversary). Operating profits after risk provisions were below those of the first two months of last year.

Mr Kohlhaussen said partial operating profits (which exclude own-account trading) were up 3 per cent to DM2.05bn. Interest income was 5.2 per cent higher at DM5.1bn, with commission earnings down 6.8 per cent to DM1.8bn.

Mr Kohlhaussen said domestic business showed a 7 per cent gain, while foreign business – accounting for 29 per cent of partial operating profits – was down 5.5 per cent, partly because of currency movements. Risk provisions were 6.5 per cent lower at DM1.66bn, but the bank was continuing to keep a close eye on domestic loan customers.

The steep rise in profits after tax was attributed to profits on the sale of stakes in Karstadt, the retail group, and DBV insurance. Altogether, Commerzbank's outside shareholdings were reduced by 32 per cent to DM2.3bn.

Ferfin to simplify control of Fondiaria

By Andrew Hill

Ferruzzi Finanziaria (Ferfin), the Italian holding company which came close to collapse in 1993, plans to simplify the complex chain of companies through which it controls 34 per cent of Fondiaria, one of Italy's biggest insurance companies.

The company will take full control of the series of shell companies through which the Fondiaria stake was controlled by the late Mr Raul Gardini, former chairman of Ferfin, and the late Mr Camillo De Benedetti.

The banks which helped rescue Ferfin in 1993, and are among its biggest shareholders, will underwrite a linked capital increase for one of the shell companies.

Ferfin will then launch a bid for 22 per cent of Gaic, the quoted holding company which controls the Fondiaria stake, at a price which will be set later. In effect, Ferfin already controls 78 per cent of Gaic.

The move will end the legacy of one of corporate Italy's most notorious partnerships, in which Mr Gardini, who killed himself in 1993, enlisted the help of Mr Camillo De Benedetti to keep Fondiaria within the Ferfin group, ultimately at the expense of other shareholders.

When Mr Gardini took over at Montedison, Ferfin's main industrial subsidiary, Mr Camillo De Benedetti, cousin of Carlo, the chairman of the Olivetti computer group, was supposed to find investors to share the burden of holding on to the Fondiaria stake.

When those investors did not materialise, it seems Mr Gardini secretly lent him the money to pay for that stake. After Mr Camillo Benedetti's death, his heirs proved unable to repay the L1,170bn ($687.7m) debt to Ferfin.

A total debt of more than L2,200bn is still outstanding from all the shell companies formed for the deal. It is unclear whether this debt will have to be written off as a result of the latest scheme, but sources close to the deal pointed out that Ferfin should at least gain full control of the potentially valuable stake in Fondiaria.

Shares in Gaic rose 13 per cent yesterday on news of the complex deal, even though no price has been set for the potential bid.

Shares in Fondiaria and Ferfin also rose.

The original purchase of the Fondiaria stake by Montedison happened in 1985, before Mr Gardini took over.

At the time, it made headlines because of the way in which the stake was secretly built up through a series of cleverly concealed stock market purchases, against the will of Mediobanca, the Milan merchant bank, and its traditional corporate allies.

Swissair struggles to earnings of SFr23m

By Ian Rodger

Swissair, the quoted Swiss airline group, struggled to a SFr23m ($2.37m) consolidated net profit last year, against the strength of the Swiss franc and continuing weakness in ticket prices.

The profit was less than half the already depressed SFr59m earned in 1993, and the directors said they were recommending that dividends be passed for the second year in a row.

Swissair, which is negotiating the purchase of a large minority stake in Belgian flag-carrier Sabena, said it had big increases in traffic volume and load factors in 1994, but revenues rose less than 1 per cent to SFr6.45bn.

Group operating profit tumbled 40 per cent to SFr131m, and cash flow was flat at SFr519m. The group said its liquid assets, which stood at SFr2.27bn at the end of 1993, rose.

Directors, however, would seek approval at the annual general meeting for a rights issue.

The airline itself made a SFr7m operating profit, down from SFr109m in 1993. Operating revenue fell 6 per cent to SFr4.89bn, after currency movements and smaller profits from aircraft sales.

The net negative impact of currency movements on revenues was put at SFr126m. Swissair's problem is that most of its operating costs are incurred at home in Swiss francs, while a large proportion of its revenues come in other currencies.

The group's other main subsidiaries – the regional airline Crossair and the ancillary services supplier Swissair Associated Companies – had "highly satisfactory" results.

● Swissair is buying 12 Avro RJ 100 regional aircraft and disposing of its 10 Fokker 100s.

The move is a prelude to turning over all operations of aircraft up to 100 seats to its 62 per cent-owned Crossair subsidiary, which has lower operating costs.

Crossair already operates four RJ85s, formerly known as BAe 146s.

The re-equipment programme will be financed in part by a Crossair rights issue, and Swissair said it would probably increase its capital stake.

Production shake-up helps lift CMB 14%

By John Ridding in Paris

CarnaudMetalbox, the Anglo-French packaging group, yesterday announced a 14 per cent rise in net profits last year, to FFr950m ($195.1m) from FFr835m. It attributed the increase to improved productivity.

Mr Jürgen Hintz, chairman and chief executive, said the results were encouraging, and demonstrated progress in the face of tough pricing and cost pressures. He forecast further improvement this year, but warned of the impact of rising prices for raw materials. "[This year] will be another challenging year," he said.

According to Mr Hintz, the rise in operating profit, to FFr2.2bn from FFr2.06bn, reflected the efficiency and productivity measures being implemented by the group. These include the reduction of working capital and costs and the introduction of more flexible working practices.

Cash flow rose to a record FFr30.8 per share, compared with FFr27.3 in 1993, while net debts fell to FFr3.59bn from FFr4.33bn. Earnings per share rose from FFr10.3 to FFr11.6, prompting a 10 per cent rise in the dividend to FFr4.4 a share.

Sales during the year rose 2 per cent to FFr24.89bn. The strongest gains were in Asia and Africa, where turnover rose 7 per cent and 13 per cent respectively. In Europe, sales rose 4 per cent and in North America, 2 per cent.

By division, the strongest gains were in the beverage can business, where sales rose 28 per cent. Eurosteel, the core business which represents 56 per cent of sales, recorded a 2 per cent increase in turnover.

● The stock exchange of Singapore (SES) has asked locally-listed CarnaudMetalbox Asia to explain a sharp drop in 1994 earnings, writes Kieran Cooke in Kuala Lumpur. CMB incurred a net loss of S$1.51m (US$1.07m) for 1994, compared with S$9.91m profit in 1993. The SES has noted that operating profit before interest and depreciation for the full year was S$10.54m, compared with S$11.06m in the first half.

Mediobanca edges ahead before provisions and tax

By Andrew Hill in Milan

Mediobanca, the influential Milan merchant bank, yesterday announced an increase in half-year profits to L343.3bn ($201.8m) before tax and provisions, from L327bn in the first half of 1993-94.

After higher provisions, the bank reported pre-tax profits of L219.6bn for the six months to December 31 1994. In the same period of 1993, it reported a profit of L271.5bn before tax.

Mediobanca is seeking an active role in the privatisation of state-controlled industrial companies, and there is increasing speculation that it may relaunch an issue of new shares and warrants to help fund investments. The bank had to postpone an issue planned for last June because of adverse market conditions.

Since then, however, its shares have declined still further. They closed yesterday at L12,113, up L118 on the day. However, this is well down on the original minimum price for the issue of L15,000.

The bank has given itself the flexibility to relaunch the issue at any moment and at any price, but apparently the subject was not discussed at yesterday's board meeting.

Mediobanca's figures indicate the bank's resistance to the difficult trading which has hit other Italian banks' full-year 1994 results. However, the value of the bank's share and bond portfolio has declined slightly in the first half of 1994-95.

Mediobanca indicated the market value of its listed securities was some L2,513bn more than the book value on the basis of March 27 prices. This compares with a difference between book and market value of more than L2,800bn six months ago.

For the first time, the board approved consolidated figures for the half, which show a profit before tax of L288.5bn for the six months to December 31, and net equity of L4,626.6bn, slightly higher than at the end of the full year in June 1994.

Losses deepen at Italian bank

By Andrew Hill

Banca Nazionale dell'Agricoltura has become the latest Italian bank to register a heavy loss for 1994, with a net deficit of L633bn ($372m) for the calendar year 1994, compared with a loss of only L61.7bn in 1993.

Last month Banca di Roma, one of Italy's biggest banks, announced it was planning to take control of BNA through a takeover of Bonifiche Siele, the quoted company which holds 43 per cent of BNA's shares.

However, the losses at BNA were much worse than the L400bn circulated when Banca di Roma's offer was announced.

BNA blamed its poor results on a number of factors, including heavy write-offs of bad loans, and the crisis on financial markets.

All Italian banks were hit by recession last year, but BNA's losses further underline the gulf between banks with a customer base in northern Italy and those which operate mainly in the depressed south. Earlier this month, Banco di Sicilia announced a net loss of more than L650bn, and Banco di Napoli reported a net deficit of L995bn.

Banca di Roma has itself come under fire for failing to explain properly the decline in its own full-year profit, to L42bn from L110bn in 1993, announced three days ago.

Consob, the Italian stock exchange watchdog, has asked the Roman bank for more information about the provisions which reduced a declared gross profit of L1,200bn to L42bn. Banca di Roma, which was also hit by an increase in bad loans, was forced to omit its dividend for 1994.

Bank Austria profits drop 22%

By Ian Rodger in Vienna

Bank Austria, the country's largest bank, has blamed a 57 per cent slump in own-account trading profits, to Sch761m ($78.5m), for a 22 per cent slide in annual pre-tax profits to Sch4.8bn.

However, the directors are recommending an increase in dividends to 10 per cent from 8 per cent, citing improvement in the bank's core activities.

Partial operating profit, which reflects lending and commission business, rose 11.7 per cent to Sch4bn, excluding a one-off gain on employee pension rights in 1993. Mr René Alfons Haiden, chief executive, said yesterday that the "quite satisfactory" result was achieved mainly through cost controls. He expected a "satisfactory" result this year, based on economic recovery and the benefits of Austria joining the European Union.

Mr Haiden, who is to retire next week, denied the dividend increase reflected the need of the bank's largest shareholder, a city of Vienna foundation, for funds to cover its borrowing last year to acquire a majority stake in GiroCredit, another leading bank.

He said the recent collapse of the Konsum food retailing network had no effect on 1994 bad loan provisions. The bank had shifted money from a general reserve fund to make a specific provision.

Mr Gerhard Randa, the deputy chief executive who will take over from Mr Haiden, said Bank Austria had "no interest" in acquiring Konsum's 30 per cent stake in Bank für Arbeit und Wirtschaft.

Net interest income was up only 3 per cent last year, to Sch12.7bn, as demand for loans was poor until after the referendum approving EU entry.

ING profits advance 13% for year

By Ronald van de Krol in Amsterdam

Internationale Nederlanden Groep, the big Dutch financial services company which earlier this month rescued Barings Bank of the UK, posted a 13.5 per cent increase in net profit for 1994, in spite of a sharp drop in results on financial trading for its own account.

Net profit rose to Fl 2.3bn ($1.48bn) from Fl 2.03bn in 1993, with the group's two core businesses of banking and insurance both posting double-digit growth.

The dividend is set to rise by 7.4 per cent to Fl 3.75.

Mr Aad Jacobs, chairman, said much of the improvement was due to results in the Netherlands, which he described as the "backbone" of the company.

Dutch life insurance operations accounted for more than half of the rise in pre-tax life insurance earnings to Fl 953m from Fl 829m.

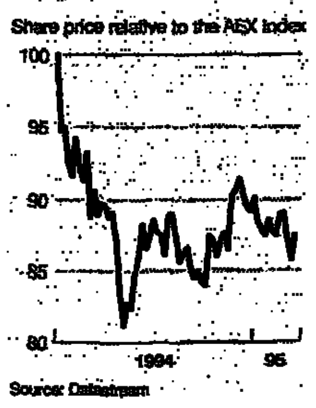
Non-life insurance earnings rose to Fl 295m from Fl 191m, with Fl 70m of the Fl 104m improvement reflecting a strong recovery in the Netherlands. Non-life business in the US had again been loss-making in 1994, but was expected to make an "attractive" contribution to results in 1995, Mr Jacobs said.

Overall, pre-tax insurance profits were up 20.2 per cent, while banking results rose by 12.8 per cent.

ING's banking results were held back by a sharp decline in results from financial trading to Fl 34m from Fl 770m a year earlier. Like many other banks, ING was taken unawares early in 1994 by the sudden rise in international interest rates and turmoil on the foreign exchange markets.

Mr Jacobs said he could not make a prediction for 1995 group results at this stage, citing uncertainty about share markets, interest rates and currency values.

ING
Share price relative to the AEX index



Source: Datastream

On Barings, he said the UK merchant bank's losses appeared to be slightly lower than originally expected, but gave no figures.

He repeated that Barings would be neutral for ING's profits in 1995 but would start making a positive contribution to earnings per share from 1996.

He emphasised that Barings would not add to the volatility of earnings because much of the UK bank's profits were generated by asset management, a stable source of profits.

Barings' brokerage business was almost back to normal, while asset management was proceeding better than originally thought. "Very few clients have left, some of them are still talking to us," he said.

Mr Jacobs also announced that ING would like to raise its stake in Bank Slaski, the Polish bank in which it had acquired a 25.9 per cent stake as part of a government privatisation.

Since the beginning of 1995 ING has been selling life insurance through Slaski's offices, as part of the Dutch group's attempts to implement its "bancassurance" strategy on selected markets overseas.

Bid invitation for Budapest Bank declined

By Virginia Marsh in Budapest

ING has turned down an invitation to re-enter negotiations for Budapest Bank, following Credit Suisse's decision not to buy the state-owned bank.

The Dutch group said the purchase was no longer a priority, given that it had recently acquired Barings, the collapsed UK merchant bank.

As recently as two weeks ago, ING indicated it might still be interested in Budapest Bank, one of Hungary's top four commercial banks.

The Dutch bank said it had been interested in Budapest Bank but that the timing of the proposed purchase had become a problem because of the Barings acquisition.

ING, which already has banking and insurance subsidiaries in Hungary, is understood to be interested in acquiring one of four smaller Hungarian banks due for privatisation later this year.

Hungarian officials attempted to play down the move. However, ING's decision is a setback both for the bank and the government's efforts to speed up privatisation.

The sale of the bank would have been only the second big privatisation since the Socialist-led government took office last July.

Mr Tamas Suchman, privatisation minister, said Budapest Bank was better prepared for privatisation than other state banks.

He added that talks with other interested partners were continuing.

Credit Suisse, part of the Swiss financial services group CS Holding, was named preferred bidder for Budapest Bank after an international tender last December.

However, it withdrew abruptly this month, citing differences with the bank over future strategy.

ING and Allied Irish Banks also submitted bids.

Allied Irish Banks, which has subsequently acquired a stake in a Polish bank, has indicated it is no longer interested.

US construction group slumps in first quarter

Kaufman and Broad Home, the US builder, suffered a sharp drop in net income in the first quarter, agencies report.

Net income fell to $435,000 from $8.85m, with earnings per share falling to 1 cent from 22 cents last time. Revenues dropped to $229.8m from $256.9m. The company blamed California's torrential rains, and weak fourth-quarter sales brought on by Federal Reserve interest rate increases.

Construction operating income fell 66.8 per cent to $5.5m from a year ago, partly because of a decline in deliveries and a reduction in the housing gross margin.

Solvay swings back into black

By Emma Tucker in Brussels

Final results from Solvay, the Belgian chemicals and pharmaceutical group, confirm that the company staged a sharp turnround last year, swinging to a net profit of BFr7.96bn ($280m) from a loss of BFr6.91bn in 1993.

The group said it expected the recovery in profits to continue this year, helped by strategic investments and cost-cutting.

Sales increased by 7 per cent to BFr262.2bn from a year earlier, in spite of the disposal of some of the company's activities.

In Europe, sales advanced by 3 per cent, against a 10 per cent drop in 1993. In the US, sales increased by 17 per cent and in Asia-Pacific, by 18 per cent.

The group has expanded its proportion of sales made outside Europe to one-third of the total, compared with one quarter in 1991.

Profit from exceptional items totalled BFr1.02bn, compared with 1993's BFr2.95bn loss.

The result was enhanced by capital gains on the sale of non-core assets, such as wood protection and tile adhesive businesses.

Net earnings per share jumped to a profit of BFr923 from a loss of BFr864 a year earlier, Solvay said.

The group maintained a dividend of BFr500 per share, unchanged from the two previous years.

All sectors of the group improved in 1994, except peroxygens.

The recovery was most noticeable in plastics and alkalis.

Solvay said the "clear improvement" was attributable to the strengthening of the European economy, and to the success of a recovery plan, in progress since November 1991.

The plan includes divestment of non-core activities, strict control over capital expenditure, and a reduction of fixed costs at the plants.

Compaq signs up new supplier of PC chips

By Louise Kehoe in San Francisco

Compaq Computer, the world's leading personal computer manufacturer, is to use microprocessor chips from NexGen, a small California chip developer, in future products.

NexGen will join Intel and Advanced Micro Devices as Compaq's microprocessor suppliers.

The decision is a blow for Intel, which dominates the personal computer microprocessor market with its Pentium and 486 chips. Intel's share price dropped to $84⅝ in morning trading yesterday, down from Wednesday's close of $87½.

Compaq said NexGen had agreed to provide high performance "Pentium-class" and higher performance chips. Details of the agreement were not revealed but Compaq said it expected to introduce PCs containing NexGen chips within the next 12 months.

"This agreement with NexGen will help Compaq to deliver high-performance PCs that represent a greater value to the PC marketplace," said Mr John Rose, senior vice-president and general manager of Compaq's Desktop PC division.

NexGen's microprocessors offer performance equivalent to, or slightly higher than, Intel's Pentium chips. NexGen's current prices are, however, about 20-25 per cent lower than Intel's. Although Compaq declined to detail its product plans, it appears likely the company will use NexGen chips in desktop PCs for the consumer market.

Compaq said the NexGen agreement reflected the company's strategy of finding multiple suppliers for components. The PC company said it expected its purchases of Intel microprocessors to continue to grow, and it also planned to continue using microprocessors from Advanced Micro Devices in current and future products.

The agreement with Compaq establishes NexGen as a serious competitor in the market for high-performance microprocessors. Previously, the company's microprocessors have been used only by smaller PC manufacturers.

NexGen is also believed to be in discussions with IBM.

Sharp rise in inquiries by Spanish market regulator

By David White in Madrid

A tightening of inspection procedures by Spain's CNMV securities market commission has prompted it to initiate action over 348 alleged irregularities so far this year. That is almost three times the total for the whole of 1994, already a record year.

Mr Luis Carlos Croissier, CNMV president, said yesterday the number of cases reflected the reinforcement of controls, and the difficult conditions in Spanish markets since early last year.

Countering criticism of the CNMV's effectiveness, he said 1994 had been "the year of prudential supervision". Fines imposed rose to Pta4.36bn ($34m) from Pta1.79bn in 1993. A third of last year's total of Pta1.5bn was levied on five unregistered financial boutiques. The commission is investigating 17 others.

A total of 124 cases were opened during the year and 60 brought to a conclusion, including 43 involving "very serious" offences. According to the CNMV's annual report, three of these were for insider dealing and 21 for failure to declare the purchase of significant shareholdings.

The report said the commission had stepped up its investigation into unauthorised activities, focusing in particular on about 20 companies concerned with channelling Spanish investment into foreign options and futures markets.

Three cases involving irregularities at brokerage houses were handed over to prosecutors last year. Mr Croissier said that pre-tax profits by registered broker-dealers fell 25 per cent on average, and 20 houses ceased activity.

The number of complaints received by the commission increased by almost 60 per cent.

Out of 763 companies quoted at the end of 1993 on Spanish stock markets, 123 had since been compulsorily delisted, Mr Croissier said. The total of listed companies shrank to 652 at the end of last year, a reduction of almost 15 per cent.

Trading volume on the stock markets rose almost 40 per cent to Pta9,086bn, while the Ibex 35 index of leading share prices fell 14.7 per cent.

The CNMV's annual report described 1994 as "the year of greatest activity in the development of its inspection functions" since the commission was set up six years ago.

Iberia plans to wind up Viva Air

By David White

Iberia, the state-owned Spanish airline which is awaiting a decision by the European Commission on a planned Pta130bn ($1bn) capital injection, is proposing to wind up its profitable subsidiary Viva Air and absorb its charter operations.

The airline has abandoned earlier discussions on selling Viva Air, which has been operating scheduled and charter services and could have become a competitor to Iberia.

Iberia said yesterday it had put the plan to unions representing Viva Air's 516 employees, offering to absorb the whole workforce "with equal rights" to those of the parent company.

No date had been set for negotiations, it said.

In February, Viva Air pilots issued instructions to lawyers to take legal action after their counterparts at Iberia secured an agreement with the parent company to take over Viva Air's scheduled routes.

They said the move would benefit the less competitive parent by ending Viva Air's role as a regular airline.

The agreement was part of a deal reached late last year in which Iberia pilots accepted salary cuts of between 3 per cent and 15 per cent and called off strike action, to allow the Spanish government to approach Brussels over the capital injection.

A previous Pta120bn rescue plan approved by the commission in August 1992 was tied to an understanding that Iberia would receive no further state aid up to the end of 1996.

Viva Air, set up in 1988 as a joint venture with the German flag carrier Lufthansa, came under Iberia's control in 1990.

The parent passed on to Iberia a number of unprofitable regular routes which could be more efficiently operated by the low-cost subsidiary.

Viva pilots say that losses have been cut on scheduled routes to Africa and the Middle East and in some cases, such as Tel Aviv, have been turned into profits.

Iberia indicated that its proposed absorption of the Viva Air fleet might take two years.

It said it did not believe the European Commission would have grounds to object to the move.

Car park group to raise DM85m

By Andrew Fisher in Frankfurt

A German car parking management company created as a buy-out from a US group four years ago plans to join the growing list of new issues on the German stock market. It intends to raise about DM85m ($65.3m).

Apcoa Parking – formerly Airport Parking Corporation of America – plans to sell shares to investors in Germany, other European countries and the US. Turnover last year rose 14.5 per cent to DM176m and operating profits by 14 per cent to DM12.6m.

Compared with such planned initial public offerings as E. Merck pharmaceuticals, which is expected to raise at least DM2bn, or SKW Trostberg chemicals (DM1bn), the Apcoa issue is small. But the IPO calendar includes other small companies such as Hucke (clothing), now raising DM78m.

Mr Peter Fischer, Apcoa's chief executive, said half the IPO proceeds would repay debts and half would finance expansion.

As well as managing car parks at airports, exhibition centres and hotels, it handles street parking for Westminster in London and central Berlin.

Apcoa hopes to come to the market after Easter. Trinkaus & Burkhardt, owned by Midland Bank, and S. G. Warburg will lead the issue.

INTERNATIONAL COMPANIES AND FINANCE

Morgan Grenfell's board takes a gradualist approach to merger

Among acquisition experts there is an article of faith: a smart buyer moves quickly in asserting control over its target.

Morgan Grenfell, the UK merchant bank, which reported its results yesterday, should understand that as well as any house. It made hostile takeovers a speciality in the early 1980s and remains one of Europe's leading financial advisers.

But Morgan Grenfell believes the rule does not apply in its own case. Its merger with Deutsche Bank has been in slow motion.

The German bank bought Morgan Grenfell in 1989 for £950m ($153.2m). Parent and subsidiary co-existed for five years and only last year agreed to merge and build their investment banking operations in London. Implementation of the plan is also taking time.

Mr John Craven, chairman of Morgan Grenfell and a member of Deutsche Bank's management board, says change will be evolutionary. "There is certainly not going to be one Monday morning an announcement that everything has fallen into place and we have an all-singing, all-dancing investment bank," he says. "It won't work like that. It's not real life."

Some steps have been taken. Deutsche Bank and Morgan Grenfell have set up a joint 12-man investment banking "central committee". Plans are under way to streamline management. Executives hope to determine the structure of the business by mid-year.

Deutsche Bank and Morgan Grenfell have taken the first steps in building up an international equity distribution business.

Fixed-income operations – which handle products such as bonds – have been split off from equity.

Morgan Grenfell hired Mr Maurice Thompson and Mr Michael Cohrs from UK investment bank S.G. Warburg to set up a unit for equity capital markets – which syndicates equity issues. Appointments, or poaching, of equity research and sales staff will follow.

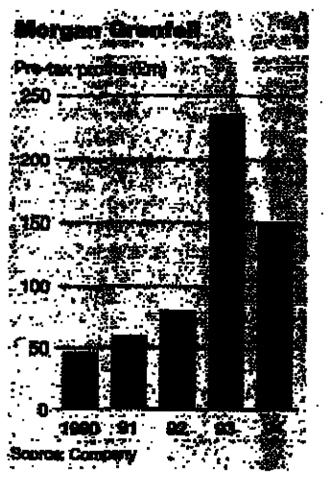
But the integration has proceeded at a pace that Morgan Grenfell executives call deliberate and their rivals term sluggish. A set of 16 working groups have been analysing aspects of the merger. The first recommendation arrived only a fortnight ago.

"You are very unlikely to see us make a big acquisition or come out suddenly with a new name and structure," says Mr Michael Dobson, chief executive of Morgan Grenfell and head of the joint investment banking committee.

One factor is the desire of senior management to smooth the transition, and muffle the collision of Germany's biggest universal bank with a patrician English merchant bank.

Morgan Grenfell executives are most sensitive to – and dismissive of – suggestions of a takeover by Deutsche Bank or a reverse takeover by Morgan Grenfell.

Deutsche Bank, like many German companies, values consensus more than Anglo-Saxon counterparts. Mr Dobson defuses the issue of the balance of numbers on the joint committee. "I genuinely haven't added it up," he professes.



Perversely, market turmoil facilitates gradual organic growth of the equity business of the combined investment bank.

Approaches by key individuals, such as Mr Thompson, owe something to the perceived opportunities at a house backed by Europe's most powerful bank. Mr Dobson concedes, though, that trouble at other investment banks makes talented individuals more willing to contemplate a move.

Change has been measured above all because investment banking is, Mr Craven says, "a people business". Morgan Grenfell maintains that a buyer of a bank cannot treat it like an industrial company.

The fear is that embittered staff of a house taken over will leave for competitors and destroy the value of the target.

Mr Craven knows the danger. In the 1980s he ran a boutique which advised on many of the takeovers of stockbrokers during the decade.

"I consistently advised acquirers to be very subtle about how they sought to run the business. They consistently ignored my advice, as a result of which a lot of the good stockbroking businesses have disappeared," he says.

"Where is Scrimgeour Vickers?" he asks, referring to a once famous stockbroker which lost staff after being taken over by Citicorp of the US.

As head of Morgan Grenfell, and a trusted colleague of Deutsche Bank executives, Mr Craven has been in a stronger position to implement his slow-motion philosophy on acquisitions in investment banking.

Mr Craven maintains Deutsche Bank's acquisition of Morgan Grenfell is a case study. Morgan Grenfell claims not to have lost a single executive to a mainstream competitor in the five years since Deutsche Bank bought in.

The two banks see no reason to change their strategy. "Everybody thought the merger was an accident waiting to happen," says Mr Craven. "It hasn't happened, it won't happen."

Nicholas Denton

Dealing profits decline to £50m

By Nicholas Denton

Falling debt markets caused a 75 per cent fall in 1994 dealing profits at Morgan Grenfell, the UK merchant bank.

Morgan Grenfell yesterday said it had not seen a repeat of the very favourable trading environment of 1993, which had helped the bank to dealing profits of £200m, but they dropped to £50m ($806.4m) in the year to December 31.

Emerging markets debt fell in price more sharply than securities in more developed markets in 1994's first quarter. Morgan Grenfell, with turnover in emerging market debt of $153bn in 1994, suffered.

It said it had weathered the financial crisis in Mexico well later in the year. "With debt dealing we actually made money rather than lost following the onset of the Mexican crisis."

But it conceded that further falls in debt markets in developing countries and extreme volatility in the first three months of this year had resulted in a further setback.

"We have sustained losses in some areas, made profits in others and in the emerging market bond business we are probably breaking even."

Morgan Grenfell's profit before tax of £150.2m was 34 per cent down. Bonuses fell as a consequence: salaries and other administrative costs fell £40m.

But Morgan Grenfell stressed that, omitting the exceptional period of 1993-94, profits had grown steadily since Deutsche Bank of Germany came in as owner in 1989.

The result represented a pre-tax return on average capital employed of 32 per cent, above the average for the sector.

Fees and commissions from advisory, broking, underwriting and asset management businesses were a record £323m. Funds under management at Morgan Grenfell Asset Management grew £4.6bn to over £30bn.

Strong advance in earnings at PDVSA

By Joseph Mann in Caracas

Net profit of Petroleos de Venezuela (PDVSA), the country's national oil company, jumped to $2.01bn for 1994, from $1.09bn in 1993, on worldwide revenue of $22.2bn, up from $21.3m.

Revenues from oil exports increased 7 per cent and the company said results from the petrochemicals, coal and orimulsion (boiler fuel) divisions were also good.

Mr Erwin Arrieta, Venezuelan minister of energy and mines, said $1.8bn of PDVSA's profits came from activities within the country, while $213m was derived from the group's international holdings.

Later this year PDVSA will seek international bids on profit-sharing contracts in exploration and production of oil and gas. This will be the first time the company has opened up to private equity investment in these areas since the Venezuelan oil industry was nationalised in 1976.

PDVSA and private companies already have 13 operating agreements, under which outside companies extract oil and gas from so-called "marginal" oil fields. However, investments in these marginal fields do not provide private firms with equity rights, and operators must sell all oil and gas produced to PDVSA.

INTERNATIONAL COMPANIES AND FINANCE

Bull to expand in Asia with IPC deals

By John Ridding in Paris

Groupe Bull of France and IPC of Singapore yesterday announced a series of joint ventures and distribution agreements in a move which paves the way for the Asian computer manufacturer to participate in the privatisation of its French partner.

In a joint statement, the companies said they would establish joint ventures in "smart card" and point-of-sale technologies, personal computing and the manufacture of printed circuit boards.

The agreements mark a significant step in Bull's strategy of expanding in Asia and will provide technology and a European distribution network for IPC.

Mr Jacques Noels, head of ZDS, the personal computer arm of the French state-owned group, said Bull had long sought a partnership with a leading regional supplier. "Our agreement with IPC fulfils this requirement. It will enable us to bring our products, desktops, portables and mobiles, to a market that is growing by more than 17 per cent a year."

Mr Patrick Ngiam, chairman and chief executive of IPC, said the joint ventures would allow his group to move into higher value-added activities. "In addition, we will be able to tap Bull's sales channels to enhance IPC's marketing and distribution network in Europe," he said.

Details remain to be finalised after yesterday's signing of a memorandum of understanding. But under the terms of the agreement, the two companies will set up four joint ventures – two in the field of smart cards (devices used, for example, in banking and identity cards), one in the manufacture of ZDS products and one (in Guangdong in southern China) in the manufacture of circuit boards.

Company officials declined to comment on the prospects for IPC to invest in Bull as part of the ongoing privatisation of the French group. But the Singapore company is expected to take a stake of between 5 and 10 per cent as part of the French state's plans to reduce its 76 per cent holding to a minority.

The operation now seems set to take place in two phases. The first phase is likely to see NEC of Japan raise its investment in Bull from just under 4 per cent to about 17 per cent. Motorola of the US may also take a stake in its French technological partner.

NEWS DIGEST

Leading Greek bank posts record year with Dr38bn

Alpha Credit Bank, Greece's largest private bank, reported a 27 per cent increase in pre-tax profits in 1994 to a record Dr38bn ($168m), writes Kerin Hope in Athens.

Consolidated pre-tax profits for the Alpha group, which includes banking, leasing and brokerage subsidiaries, totalled Dr44bn last year, a 21 per cent rise.

Alpha Credit Bank last year paid £42m ($67m) to acquire a London-based bank from a Greek shipping group and also established a new bank in Romania, in which the European Bank for Reconstruction and Development holds an equity stake.

Operating profits rose by 24 per cent last year to Dr35.8bn, but operating expenses also increased by 24 per cent following a large wage settlement that ended a prolonged dispute with the bank's union.

Mr Yannis Costopoulos, chairman, said growth in interest income was low in 1994 because of a sharp rise in deposit rates during a four-week currency crisis, when the central bank increased short-term interest rates to record levels in order to protect the drachma against speculative attacks.

However, losses during the currency crisis were offset by an adjustment in book values as the bank's balance sheet was restructured, which added Dr5bn to 1994 income, he said.

The bank increased its deposit base by 11.7 per cent to Dr1,319bn in 1994, while overall lending expanded by 18 per cent to Dr552.2bn.

MasterCard to test replenishable card

MasterCard International, the credit card company, is to begin pilot trials in Canberra for a replenishable "chip" card later this year, writes Nikki Tait in Sydney. The pilot project, which is being carried out in co-operation with Australia's four biggest banks and Standard Chartered, will run for nine months.

Participants will be issued with a credit or debit card (or a "combo" card), which incorporates a microchip. This can be "loaded" with specific monetary value from the cardholder's account, subject to whatever restrictions the issuing banks lay down.

Every time the cardholder uses the chip card, the cost will be deducted from the stored value on the card. As money on the chip runs down, the holder will be able to replenish the "stored value" at various locations.

MasterCard says it is the replenishable element to the card which makes it unique. A number of merchants are being lined up to accept the chip cards during the trial period – including petrol stations, convenience stores and a specialty retailer.

Rising demand lifts Bobst 34.7%

Bobst, the Swiss packaging machinery maker, said consolidated net income jumped 34.7 per cent last year to SFr60.5m ($53.28m), due to a strong rise in demand. Sales rose 12.9 per cent to SFr1.05bn, and were 18.7 per cent higher in local currencies, writes Ian Rodger in Zurich.

The directors are proposing 11.8 per cent increases in dividends on the bearer and registered shares and expect further increases in sales and profits this year. Sales activity in North America and Asia, with the exception of Japan, was said to be intense, while in Europe a moderate rise in demand continued.

Copenhagen Airport advances to DKr180m

Copenhagen Airport, partly privatised in 1994, increased net profits to DKr180m ($32.67m) last year from DKr140m and pre-tax profits to DKr277m from DKr225m in 1993, writes Hilary Barnes in Copenhagen.

An unchanged 6 per cent (DKr6) per share dividend was proposed. Turnover rose to DKr1.2bn from DKr976m after a record year when the number of passengers using the airport increased by 9.2 per cent to 14.1m, the biggest annual increase in the airport's 70-year history.

The number of flight operations handled rose by 3.1 per cent to 228,509.

Costs fell by DKr9m to DKr700m and airport employees by 34 people to 1,170.

The airport invested DKr819m, including new gates and initial expenditure on a new finger.

A significant improvement in earnings is forecast for 1995.

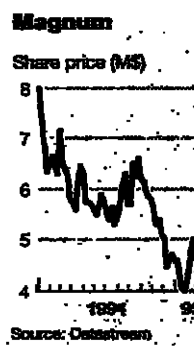
Yamaichi Securities in Chinese M&A link

Yamaichi Securities has agreed to link with three Chinese securities houses in the mergers and acquisition business, Reuter reports from Tokyo.

Yamaichi and China Southern Securities in Shenzhen, China Guotai Securities in Shanghai, and China Securities in Beijing will exchange information on companies that hope to invest in or purchase companies of either nation.

Yamaichi expects many Japanese manufacturers to move output to China because of the strong yen, a spokesman said.

Malaysian betting group slips 12%



Magnum, the Malaysian lottery and betting company, has announced a 12 per cent drop in pre-tax profits to M$364m (US$153.65m) for the year ended December 31 1994, writes Kieran Cooke in Kuala Lumpur. Turnover was M$2.23bn, slightly down on the 1993 figure. Magnum is part of the Multi Purpose Holdings group controlled by Malaysian Chinese entrepreneur Mr Lim Thian Kiat. Magnum said that in spite of the drop in profits, it was optimistic about the year ahead.

It said the decline in profit was due to high prize payouts plus lower returns from the surplus funds because of low interest rates.

Ghana Telecom to be privatised

Ghana has unveiled an ambitious plan to plug itself into the international information revolution by privatising its state telecommunications company, Reuter reports from Accra.

Under the plan, announced by Mr Edward Salia, the transport and communications minister, Ghana Telecom will be privatised by finding a strategic investor to help strengthen its technological base and train its staff.

The government will break Ghana Telecom's monopoly by allowing a second national network to compete, while the market for cellular telephones, paging and payphones will be liberalised to attract more companies. A national authority will regulate the industry.

Ghana is liberalising its economy as part of International Monetary Fund and World Bank-sponsored reforms to encourage foreign investment and bolster its economy.

Mr Salia said his aim was to boost the number of telephone lines in Ghana to 200,000 from 50,000 – the International Telecommunications Union target – but still below current demand of 300,000.

UK boost for Videotron

Videotron, the international cable-TV, telecommunications and broadcasting group, said operations in the UK helped its revenues to advance by 16 per cent to C$312m (US$222m) in the six months to February 28, writes Robert Gibbens in Montreal.

Income from operations rose 15 per cent to C$102m and net profit was C$4.2m after preferred dividends, down from C$9.8m a year earlier. The drop was due to higher financing costs and higher depreciation. Videotron is investing heavily in British cable and telecommunications.

James Capel in Indian SE seat joint venture

By R. C. Murthy in Bombay and Peter Montagnon in London

James Capel, a securities subsidiary of the HSBC banking group, is to acquire five Indian stock exchange seats through a joint venture it is setting up with Batlivala & Karani of Bombay.

James Capel will own 51 per cent of the venture, with B&K, which is owned by the Murarka family, holding the rest. The seats will be transferred to the venture "in due course" under rules being introduced under India's capital market reforms, Capel said.

At present, only individual and partnership brokerages with unlimited liability are allowed to operate on Indian exchanges, but corporate capital is being encouraged in the reforms and brokers are soon expected to face capital requirements.

The venture aims to become "one of the leading brokerage houses in India" through the combination of James Capel's expertise and B&K's market contacts.

B&K, founded in 1990, has offices in Bombay, Delhi and Calcutta and is a member of the National Stock Exchange and the OTC Exchange of India. James Capel has led seven Indian global depositary receipt issues in the past two years and makes markets in London in Indian GDRs.

JR West sees Y41bn profit in coming year

West Japan Railway (JR West), one of the Osaka-based privatised companies created by the break-up of the Japanese National Railway, yesterday forecast unconsolidated recurring profit – before extraordinary items and tax – of Y41bn ($465m) for the coming fiscal year, AP-DJ reports from Tokyo.

For the current fiscal year, ending today, the company's parent profit will be higher than Y15bn, JR West said. Earlier this year, after the Kobe earthquake, the company abandoned its earlier forecast of Y52bn in pre-tax profit.

Although the coming fiscal year's profit is higher than the profit standards required for listing on the Tokyo stock exchange, the company is still below the limit needed for floating shares in the coming fiscal term.

To list, the company needs pre-tax profit of Y40bn, or 40 per cent of its capitalisation, also in this fiscal year, the company said.

JR West said it remained enthusiastic about the listing of its shares, and that the low level of pre-tax profit estimated for the current fiscal term was exaggerated by extraordinary factors such as the earthquake.

JR West said it had completed work on its earthquake damaged railway facilities.

Sumitomo Metal reorganises units

Sumitomo Metal Industries, one of Japan's leading steelmakers, yesterday announced a broad restructuring through which it hopes to cut its workforce by 1,600 during the next two years, AP-DJ reports from Tokyo.

The company plans to reorganise the structure of steel operations, arranging operational divisions around product types rather than functions. The number of divisions will be cut to 18 from 28.

It said the jobs to be lost were in addition to the company's current plan to cut 4,300 workers by March 1996.

Of the jobs to go, 700 would come from Sumitomo Metal's ranks of white-collar workers and 900 would come from its blue-collar staff, the group said.

The reorganisation was aimed at consolidating the company's various operations relating to individual product types.

Sumitomo Metal would group product development, production and sales functions for individual products in one division rather than separating individual functions, it said.

The company aims to improve product development and encourage high-quality products throughout the development, production and sales phases.

Along with the earlier restructuring plans, the new plan means Sumitomo Metal hopes to shave its workforce by 5,700 in a four-year period ending in March 1997.

The company will organise five current production facilities, 14 operations divisions and four technical development divisions into five operational areas. The five areas will consolidate operations relating to transport machinery, steel pipe, steel bars, steel plates and stainless steel.

Sumitomo Metal will strengthen its operations in western Japan by establishing an Osaka operations division that will provide sales functions for the company's steel, construction and machinery, and engineering divisions.

Along with Japan's other leading steelmakers, Sumitomo Metal has been involved in an attempt to scale back its workforce in order to cut costs and improve international competitiveness. The company has accomplished this by offering early retirement and transferring employees to affiliated companies.

In Tokyo yesterday, Sumitomo Metal shares gained Y3 to close at Y265.

Hongkong Land attributable annual earnings drop 30%

By Simon Holberton in Hong Kong

Hongkong Land, the property investment arm of the Jardine Matheson group, yesterday reported a 29.67 per cent fall in profits attributable to shareholders to US$365.5m from $519.7m in the year to the end of December.

Profits in 1993 were inflated by an extraordinary gain of $213.2m, which was not repeated last year. Profits after tax but before extraordinaries were up 19 per cent from $306.5m, as were earnings per share, to 13.94 cents.

Directors declared a final dividend of 8 cents a share, making 11.5 cents for the year, up 15 per cent on the previous year.

Mr Simon Keswick, chairman, said rents in Hong Kong were likely to weaken this year and property values were expected to decline from the record levels achieved in 1994. However, Hongkong Land's rental income, would continue to benefit from positive rent reversions and it looked to the future with confidence, he said.

Looking back over last year, Mr Keswick said rents in Hong Kong rose strongly in the first half of the year but weakened slightly towards the end of the year.

The average monthly rent received by the company for office space was HK$48.87 a sq ft and HK$107.50 a sq ft for retail space.

It had an occupancy rate of 99.6 per cent.

Mr Keswick noted that Hongkong Land was a member of a group which hoped to build and own the ninth extension to Hong Kong's container port.

The project has been stalled and observers believe it has little hope of being begun this side of Hong Kong's reversion to Chinese sovereignty in 1997.

He said good progress had been made on the company's commercial building construction in Hanoi, Vietnam.

Mr Keswick said the company "continues to seek long-term investment opportunities elsewhere in the Asia-Pacific region".

Hongkong Land delists from the Hong Kong stock exchange at the end of this month. The company hopes the Hong Kong trading in its shares will migrate to Singapore.

Mandarin Oriental rises 20%

By Simon Holberton

Mandarin Oriental International, the hotels arm of the Hong Kong-based Jardine Matheson group, yesterday posted a 19.6 per cent rise in net profit to US$48.8m from $40.8m in the year to the end of December.

Profit was arrived at after a 15.49 per cent rise in turnover to $183.4m from $158.8m.

Operating costs at $131.9m were held to a 12.1 per cent rise.

Directors declared a final dividend of 3.95 cents a share, making 5.50 cents for the year, a 10 per cent rise.

Earnings per share were 7.13 cents, up 18.8 per cent.

Mr Simon Keswick, chairman, said that the outlook was "encouraging".

The company's Hong Kong hotels had done well last year "and should continue their strong performances in 1995", he said.

Mr Keswick said that the Mandarin Oriental and Excelsior hotels in Hong Kong were mainly responsible for last year's strong performance.

Combined revenue from both hotels rose by 20 per cent, he added.

The company last year expanded its hotel operations into London and Kuala Lumpur and earlier this year announced it would take 40 per cent of the Kahala hotel in Hawaii.

Plans for expansion in Mexico have been delayed, due to that country's economic difficulties.

"Mandarin Oriental's balance sheet allows it to take advantage of the opportunities which are now becoming available and the outlook for the future is encouraging," Mr Keswick said.

The company will delist from the Hong Kong stock exchange at the end of this month.

Genting profits breach M$1bn

By Kieran Cooke in Kuala Lumpur

Genting, the diversified Malaysian gaming, plantations and rubber products conglomerate, has joined an elite group of local companies which have registered annual pre-tax profits of more than M$1bn (US$400m).

In the year to December 31 1994, Genting had a pre-tax profit of M$1.13bn, an 18 per cent rise on the 1993 figure. Other Malaysian companies which have achieved profits of more than M$1bn are Malayan Banking, the country's biggest banking group; Tenaga Nasional, the partially privatised electricity utility; and Telekom Malaysia, also partially privatised.

Genting's 1994 turnover was M$2.38bn, a rise of 19 per cent on the previous figure. Earnings per share increased to 77.9 cents from 68.6 cents previously.

The bulk of Genting's profits came once again from its Resorts World group, a listed company which runs the gaming and leisure side of Genting, centred on a large casino and entertainment complex in the highlands outside Kuala Lumpur.

Resorts World registered a pre-tax profit last year of M$792m, an 18 per cent rise on the 1993 figure. Resorts' turnover in 1994 was M$1.92bn, a 13 per cent rise on the previous figure.

Genting is controlled by the family of Mr Lim Goh Tong, a Malaysian Chinese who is believed to be one of the country's richest individuals. Analysts say Genting has a cash hoard of more than M$1bn plus an M$700m in Malaysian treasury bills.

Mr Lim has interests in a number of projects around the world, including a casino complex on an Indian reservation in the US.

Deficit cut at Israel Aircraft Industries

By Eric Silver in Jerusalem

Israel Aircraft Industries, the state-owned company, yesterday reported losses of $45.5m in 1994, compared with a loss of $451m the previous year.

However, the main reason for this improved performance was a reduction in severance pay to its dwindling workforce. In 1993, IAI paid out $338m to redundant staff, while last year's bill was only $6m. At the end of 1994 the payroll totalled 13,410, a reduction of 2,529.

Sales in 1994 remained steady at $1.44bn, with local sales down 10 per cent to $309m. Exports took up the slack with a 3 per cent increase to $1.13bn. Civilian exports – increasingly important in a world of shrinking defence procurement – increased $16m to $316m, or 28 per cent of total exports.

Gross profits in 1994 climbed 48 per cent to $138m with the same level of sales. Last year's operational loss was $8m, down from $62m in 1993. With the reduced work force, this represented an increase of 14 per cent in sales per employee, from $89,000 to $101,000. At the end of the year, IAI had orders worth $2.5bn.

Mr Moshe Keret, president, said IAI had fulfilled all the 1994 goals set for it by the Israeli government. "The key elements of the recovery plan were a reduction in workforce, reorganisation of the company into groups that better matched international business opportunities, and a variety of cost-saving activities. We have made significant progress in our return to profitability, and I am confident that we will continue to make additional progress in 1995."

The government has committed $1.16bn to a three-year recovery plan for Israel's stricken defence industries. IAI is the most likely to pull through, since it enjoys greater flexibility between products and between divisions than Israel Military Industries, which manufactures cannons and ammunition, and the Rafael weapons research authority. IMI's payroll fell to 5,000 from 21,000 in a decade and is to be cut by a further 2,000 this year.

COMPANY NEWS: UK

Booker plans growth in food and distribution

By Roderick Oram, Consumer Industries Editor

Booker is expecting brisker profits growth over the next few years, mainly from expansion of its food and distribution businesses with some help from acquisitions.

"We have embarked on an investment programme which gives us confidence in the future," Mr Charles Bowen, chief executive, said yesterday as he reported a 2 per cent rise in pre-tax profits to £90.1m ($144m) before exceptionals of £20.3m for 1994.

Within the next few months the group will announce the first warehouse site and transportation partner in its new centralised UK distribution system. Booker will invest £35m in the project which it expects will improve profits by £10m-£15m a year from year three.

"This is a good example of tons of things in Booker where you can drive out costs if you've got the money to invest," Mr Bowen said.

It will also announce the first expansion of its continental cash-and-carry warehouses beyond their Portuguese and Spanish base and will start up a similar operation in Malaysia with a local partner.

The exceptional charges, which were expected, were mostly for reorganisation of grocery distribution and to bring together several of its businesses in Booker Foodservice, supplying caterers. They left pre-tax profits at £69.8m, against £86.9m for the previous 53 weeks which included exceptional losses on disposals.

Sales from continuing businesses were up 6 per cent at £3.7bn. A proposed final dividend of 14.7p makes 22.4p for the year. Earnings were 21.2p (28. Year-end debt fell to £125.6m (£144.5m) for gearing of 69 per cent (83 per cent).

Food wholesaling operating profits rose 5 per cent to £51m on sales up 5.5 per cent to £2.42bn. Booker believes it marginally increased its market share in UK cash-and-carry.

Integration of Marine Harvest International, the fish farmer bought from Hanson late last year for a net £67m, is on track and should contribute some £8m to profits this year.

BAe builds up VSEL war chest with £383m rights

By Bernard Gray, Defence Correspondent

British Aerospace has launched a £383m ($613m) rights issue to fund its war chest for a renewed assault on VSEL, the submarine maker, if it is cleared by the Monopolies and Mergers Commission to bid again.

The rights funds will be returned to shareholders if they are not needed to buy VSEL. Meanwhile, shareholders will be paid 8 per cent interest on money held by BAe.

The issue is the first shot in a renewed campaign for control of VSEL between BAe and GEC. The battle is seen as pivotal for control of the British defence industry.

Last December bids from both BAe and GEC for VSEL were referred to the MMC, which is due to report on both bids to Mr Michael Heseltine, the trade secretary, by April 12.

BAe's rights offer is on a 1-for-5 basis at 430p with warrants attached at the rate of 1-for-25. Payment is split into two parts with the first 25 per cent payable immediately and the remainder only being called up if it is needed to pay for the bid.

BAe's shares closed unchanged at 486p.

The proceeds will provide the cash BAe needs to underwrite a cash bid but the main offer is likely to be predominantly in shares, with cash as an alternative.

If BAe wins VSEL and shareholders opt for cash rather than BAe shares, the first £170m needed would come from the proceeds of the rights completed last year.

A further £94m would be available from the first stage of the new issue and up to £289m more if the second stage were tapped.

See Lex

The cost of keeping faith with shareholders

Andrew Taylor and David Wighton on Redland's tax conundrum

Several decisions have returned to haunt Redland, as the building materials group has struggled to generate enough UK profits to offset its advance corporation tax bill on dividends.

The £1bn acquisition in 1991 of Steetley, the UK concrete, brick and tiles group, was supposed to boost Redland's UK and French earnings.

But the British and French markets have remained depressed.

It quickly found itself in the position where it was not making the money in the UK to offset all the ACT paid on its dividends against its mainstream corporation tax liability.

In an attempt to buy itself time, while waiting for UK construction markets to recover, it decided to make two dividend payments in 1992-93 in the form of shares. It saved £115m of cash by paying these so-called "enhanced scrip" dividends, which do not attract ACT. But this only aggravated the problem to come, by increasing the number of shares in issue by more than 7 per cent.

Since January 1991 the number of Redland shares in issue has almost doubled from 276m to 515m, while the post-tax profit after minority interests has risen by less than a fifth.

The simple way out would have been to cut the dividend. Yet, ironically, the board felt under particular pressure to maintain the payment, because of the Steetley bid.

"We felt we had to keep faith with the shareholders who funded the bid, if we could see a way through. If we hadn't done Steetley, we would have cut the dividend before," says Mr Robert Napier, chief executive.

He admits, with hindsight, that not only should Redland have cut its dividend during the recession, it also should not have increased it so far in the boom.

Yet, while many analysts and investors have been pressing Redland to reduce the dividend, some institutional investors expressed disappointment yesterday.

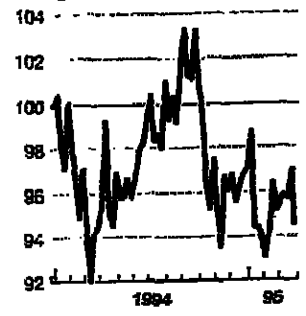
One large shareholder said: "We remain to be convinced that this is the right thing to do. The company looks in good shape and dividend cover should rise rapidly at this stage in the cycle. You could say they were taking the easy way out."

Yet Redland argues that, in terms of cash flow at least, it is not in quite such good shape as it seems.

In recent years, the group's profits have been supported by the dramatic growth of Braas, its 51 per cent owned German subsidiary, which in 1994 contributed half of group operating profits of £388.4m.

Redland

Share price relative to the FT-SE-A Building Materials and Merchants Index



Source: Datastream

But Braas has been distributing as dividend an average of only a third of the earnings consolidated within Redland's accounts. In contrast, Redland has distributed 94 per cent of its earnings in the three years to 1993.

While Redland group generated a cash inflow before deferred considerations of £43m last year, if the cash retained in Braas is excluded there was an outflow of £45m, including a £30m dividend from Braas.

Robert Napier: need to invest to keep up with competitors

Faced with rising German tax charges and a continuing shortfall on UK earnings – where the recovery has been weaker than it expected a year ago – Redland has responded by increasing Brass' dividend distribution to 63 per cent this time and in 1995 and 1996. It is also repaying $250m (£156.2m) of auction rate preferred stock on which a UK dividend is paid, liable for ACT.

But Mr Napier argues that Redland would still have a lower cash flow after dividends than its leading rivals in Europe and would be constrained in matching their actions. "We need to invest to keep up with international competitors, such as CRH (from the Irish republic), Le Poliet (France); Boral (Australia) and Eternit (Belgium)."

Redland says that cutting its dividends by a third will put in "back in the middle of the pack", increasing dividend cover to two times and reducing the yield on its shares in line with the average for the FT-SE 100 index.

Some analysts yesterday questioned whether the dividend cut was deep enough and suggested that Redland would need to reduce payments by half if ACT problems were not to recur.

But Mr Napier believes it has struck the right balance by almost eliminating its ACT problem this year. Brokers forecast that Redland will have to write off only about £4m of ACT this year and that its UK profits will comfortably cover the liability next year.

Mr Napier argues that it is particularly important to improve Redland's cash flow now, since demands for investment are increasing. He believes that in a low inflation world, and with a flat outlook for UK construction, more investment in cost reduction will be needed to generate profits growth, rather than rely on market expansion.

CTR faces Transamerica claim

Central Transport Rental Group, the trailer rental company, has received a claims notice for £13.4m ($22m) from Transamerica Corporation, which bought the former Tiphook's container operations last March, writes Geoff Dyer.

The claims concern missing containers, damages and issues concerning leases and old debts. CTR said it was investigating them.

At the time of the acquisition, Transamerica paid £42.1m into an escrow account to cover issues related to the sale. At CTR's October interims the account stood at £32.7m, after adjustments for price and repairs had been made.

The deadline for claims connected to funds in the escrow account is today.

Transamerica has agreed to release £20m from the account.

Jupiter Tyndall offer confirmed

By Norma Cohen, Investments Correspondent

Commerzbank yesterday confirmed its offer for Jupiter Tyndall, the fund manager, saying the move "is a major step towards achieving Commerzbank's goals in the investment management field".

The bank, Germany's third largest, said it was responding to big changes in asset formation within Europe and elsewhere.

Jupiter Tyndall, which has expertise largely in equities, provided an excellent fit for Commerzbank, the bank said. Commerzbank's asset management expertise has largely been in fixed interest securities, favoured by German retail and institutional investors.

Commerzbank said that Jupiter's asset management focus on emerging markets as well as equities complemented its expansion into eastern Europe and south-east Asia.

Jupiter said it had sought a larger partner because it had grown out of its initial role as a niche player. Its size – £4bn in assets under management – had left it unable to grow significantly without a backer.

Terms of the deal value the company at £174m, which includes a £5m cash injection from Jupiter management. A new company, Commerzbank Asset Management UK, will own 75 per cent with the remainder held by Jupiter's management.

Shareholders will receive 430p in cash per share plus a final dividend of 10p from Jupiter Tyndall.

Separately, Jupiter yesterday announced pre-tax profits for the year to the end of December 1994 of £14.7m, up from a restated £9.49m. Turnover was £27.5m, up from £19.3m.

Nat Gypsum settlement moves bids forward

By Christopher Price

The takeover battle for National Gypsum took a step forward yesterday after the US plasterboard company announced it had reached a court settlement over future asbestos claims.

The move removes one of the biggest uncertainties facing the two predators laying siege to the group: BPB Industries, Europe's biggest plasterboard manufacturer, and Delcor, a US investment company.

BPB had a $1.12bn offer rejected by the National Gypsum board earlier this month, but has since been examining the US company's finances more closely with a view to increasing its bid.

Delcor, which holds a 19 per cent stake in Gypsum, has had two bids of close to $1bn turned down. Both companies had made their offers conditional on the clarification of Gypsum's asbestos liabilities.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Alexon	Yr to Jan 28	95.1	(111.4)	3.68♠L	(12.02♠)	9.22L	(30.38L)	nil	-	nil	nil	3
Amec	Yr to Dec 31	1,962	(2,186)	20♠	(20.4♥)	4.2	(3.6)	1.5	July 3	1.5	3	3
Arnotts ♣	Yr to Jan 31	47	(43.8)	4.51	(3.11)	14.4	(10.2)	5.75	-	5.25	8.5	7.5
Asda Property	Yr to Dec 31	27.03	(26.54)	8.31	(6.25)	6.7	(6)	1.65	July 3	1.5	2.4	2.2
Automated Security	Yr to Nov 30	166.1	(160.8)	11.8L♠	(7.31)	13L	(2.3)	nil	-	nil	nil	nil
Ayrshire Metal	Yr to Dec 31	37	(32.8)	2.18	(1.35)	14.2	(8.3)	3.5	July 3	1.5	4.75	1.5
Booker	Yr to Dec 31	3,722	(3,589)	69.8♠	(86.9♠)	21.2	(28.1)	14.7†	July 3	14.25	22.4	21.75
British Fittings	Yr to Dec 31	74.7	(70.9)	2.41	(1.4♠)	6.19	(3.19)	2	May 30	1.25	3	2
Dragon Oil $	14 mths to Dec 31	6.54	(3.35□)	0.49♥	(0.056)	0.0001	(0.0001)	-	-	-	-	-
Estates & Agency	6 mths to Dec 31	2.95□	(2.65□)	0.706	(0.283♥)	7.8	(3.94)	4.5	May 10	3.5	-	12.5
Estates & General	Yr to Dec 31	9.37	(9.45)	1.75L	(4.51L)	7.84L	(21.1L)	nil	-	nil	nil	nil
Fitch	Yr to Dec 31	12.5	(12)	0.03	(3.18L)	1L	(9.6L)	-	-	-	-	-
Frogmore Estates	6 mths to Dec 31	33.2	(29.7)	7.2	(7.26)	10.4	(13.4)	4	May 5	3.8	-	17
Higgs & Hill	Yr to Dec 31	288.2	(282.2)	1.33	(1.23)	1.8	(0.3)	1.5†	June 7	1.5	2.5	2.5
Invesco	Yr to Dec 31	178.6	(173.5)	39.3	(33.4♠)	12.1	(10)	3.5	July 3	2.5	4.75	3.5
Irish Life ♣	Yr to Dec 31	-	(-)	44.2	(41.9)	11.22	(10.88)	7	May 26	6.12	10	9.12
Jupiter Tyndall	Yr to Dec 31	27.5	(19.3)	14.6	(9.41)	32	(22.1)	10	Apr 28	7	16	11
Mayflower	Yr to Dec 31	137.5	(101.8)	8.59	(5.38)	3.45	(2.59)	1	May 19	0.9	1.5	1.35
Morgan Sindall	Yr to Dec 31	72.6	(47.4)	3.38L♠	(1.54L♠)	36.58L	(29.56L)	nil	-	0.1	nil	0.1
Norcor	Yr to Dec 31	44.1	(38.7)	6.48♥	(2.09♥)	28.6	(-)	3.1	May 26	-	3.1	-
Orb Estates	6 mths to Dec 31 ■	3.84	(4.04)	0.253	(4.22)	0.01	(4.7)	nil	-	nil	nil	nil
QS	Yr to Jan 27	61.1	(58.1)	5.26	(5.25)	8.5	(8.49)	3.63	July 4	3.63	5.19	5.19
Rathbone Brothers	Yr to Dec 31	18.4	(17.7)	6.09	(5.25)	20.44	(18.5)	6	May 25	5.5	9	7.5
Redland	Yr to Dec 31	2,469	(2,218)	373	(278.9)	33	(26.1)	11.17	July 3	16.75	19.42	25
Rolfand Trust	Yr to Dec 31	113.1	(110.4)	9.33	(10.9♥)	2.3	(3.17)	0.7	May 26	0.6	1	0.87
SeaPerfect	Yr to Dec 31	5.14	(1.99)	0.97L	(2.69L)	2.95L	(7.89L)	-	-	-	-	-
Silvermines ♣	Yr to Dec 31	44.6	(27.2)	2.56	(1.57♥)	3.77	(3.09)	0.75	July 3	0.5	1	0.5
Superscape VR	6 mths to Jan 31	0.48	(0.39)	0.84L	(0.073L)	15.9L	(2.2L)	-	-	-	-	-
Tibbett & Britten	Yr to Dec 31	464	(360.4)	26.9	(24.2)	42.8	(37.4)	11.2	May 26	9.7	16.2	14.2
TLS Range §	Yr to Dec 31	25.4	(11.6)	1.71	(0.209)	3.6	(0.9)	1	June 2	0.5	1.5	0.5
Trace Computers	6 mths to Nov 30	9.47	(9.24)	0.223♠	(0.216)	1.21	(1.2)	0.55	June 8	0.55	-	1.5
UK Safety	Yr to Dec 31	30.9	(21.1)	1.62♥	(1.6)	5.2	(5.7)	1.56	June 30	1.56	2.6	2.6

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Baronsmead ‡‡	Yr to Dec 31	111.5	(-)	0.11	(-)	0.86	(-)	0.41	June 2	-	0.41	-
Grosvenor Dev Cap	Yr to Dec 31	202.5	(192.3)	0.344L	(0.343L)	4.23L	(4.26L)	1.2	Apr 25	1.1	1.2	1.1
Martin Currie Pacific	Yr to Feb 28	136.6	(172.5)	0.14	(0.33)	0.33	(0.82)	0.13	July 4	0.33	0.13	0.33
Murray Ventures	6 mths to Jan 31	397.4	(411■)	1.67	(2.04)	6.74	(8.25)	3.6	May 24	3.5	-	11.5
Thompson Clive	Yr to Dec 31	243.1	(215.5)	0.549	(0.715)	3.2	(4.3)	3.8	June 6	3.8	3.8	3.8

Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. □Gross income. †On increased capital. §USM stock. ♣Irish currency. $US currency. □Comparatives for year to October 31 1993. ■Comparatives restated. ‡‡Floated March 1994.

Overseas lift for Tibbett & Britten

By Geoff Dyer

Tibbett & Britten, the distribution group, reported an 11 per cent increase in 1994 pre-tax profits despite problems at its car distribution and fashion businesses.

Pre-tax profits rose from £24.2m to £26.9m ($43m) on turnover 29 per cent higher at £464m (£360m).

Although the figures were in line with analysts expectations, they included a £1.69m profit from land disposals, and the shares dropped 25p to 595p.

Operating profit at TBL, the group's UK non-car business, fell 16 per cent to £13.3m (£15.4m). The company blamed the downturn on an industrial dispute at the Middleton depot near Liverpool and an increased loss at the fashion logistics network, which now has new management.

Mr Harvey said that without these two problems, the operating margin at the division, which fell from 7.1 per cent to 5.6 per cent, would have been maintained.

Profits at the international division quadrupled to £3m (£0.7m), although the margin is still only 3.2 per cent. Turnover in Canada trebled and continental Europe, which broke even, is expected to be profitable this year. Tibbett said it was in discussions about acquiring the Dutch transport subsidiary of VNU, the international publishing group.

Axial Holdings, the car distribution business which acquired Toleman in March, increased operating profit to £10.1m (£7.6m), but was affected by operational problems in the second half.

SeaPerfect reduces deficit to £0.97m

By James Whittington

SeaPerfect, the world's largest controlled producer of shellfish, which came to the market in November, yesterday *reported a pre-tax loss for 1994* in line with expectations at £971,000, ($1,55m) against a deficit of £2.69m in 1993.

The improvement was made on turnover up from £1.99m to £5.14m from an increased harvest of scallops and clams.

Sales to the US and continental Europe more than doubled to £2m (£930,000) and £2.3m (£1m) respectively, while the UK market was tapped for the first time with sales of £697,000.

Mr Bill Lord-Butcher, chief executive, said that since November's flotation, which raised £25m, SeaPerfect had successfully branded and integrated its scallop farm in Chile *and its clam producer in the* US. It had also increased production facilities at its scallop hatchery by 80 per cent.

He said he expected sales for this year to be "substantially higher" than 1994 as the harvest for scallops and clams increased.

For both products, the income stream takes time to come through. Scallops take 18 to 20 months to grow before *harvesting and clams* even longer at 30 months.

In the past, production had shown substantial variability. Mr Lord-Butcher said changes to the scallop hatchery procedure had reduced variability, but higher than expected mortalities of clams in Florida would reduce the number on the market this year.

Losses per share were 2.95p (7.89p). The shares closed up 1p at 116p, compared with a flotation price of 120p.

T&N extends German options

T&N, the motor components and engineering group, has extended its options to buy a controlling stake in Kolbenschmidt, the German car parts manufacturer, writes Tim Burt.

Investors holding 49.99 per cent of Kolbenschmidt have granted T&N another year in which to exercise its options, with the prospect of a further delay if the UK group decided to stagger the acquisition.

Announcing the revised terms, T&N said it would pay *no more that DM242.2m for* the stake.

It was forced to renegotiate its original options, due to expire at the end of this month, after submitting a revised takeover bid to the German cartel office.

Improvements overseas make up for decline in the UK

Disposal losses hold back Amec

By Andrew Taylor, Construction Correspondent

Pre-tax profits of Amec, the construction and engineering group, dipped from £20.4m to *£20m ($32m) in 1994*, after exceptional losses of £6.3m on property and asset disposals.

Turnover slipped to £1.96bn (£2.19bn), *but operating profits*, before exceptionals, rose by a fifth to £31.8m (£26.5m) after overseas interests moved from a £3m loss to a £5m profit. The underlying improvement was better than expected and the shares rose 9p to 71p.

UK profits fell by 9 per cent to £26.8m (£29.5m) and were described as "disappointing" by Sir Alan Cockshaw, Amec's chairman. Further cuts were planned in the UK building and civil engineering division, where margins remained lacklustre because of too many companies competing for too few orders.

Amec was concentrating expansion in *overseas markets*, which were expected to account for 35 per cent of group turnover this year compared with 18 per cent in 1994. Germany, Hong Kong and Singapore were expected to provide more than half of overseas sales in 1995.

Sir Alan expected Germany to account for a fifth of all building and civil engineering work within two years.

The biggest improvement last year, however, was at associate companies which moved from a £3.1m loss to a £9.2m profit. The biggest contributor was Morse Diesel, the US construction management company, which has been acquired outright by Amec since the year end.

The US overall made a sharply reduced loss of £200,000 (£6.1m). The US side was expected to move back into profit this year following the sale of lossmaking businesses and a full contribution from Morse Diesel.

Amec's shares, which before yesterday had fallen by 78p in the *past 12 months*, have been undermined by fears of heavy losses on a contract to build a production platform for the Tiffany oil *and gas field for Agip*.

Sir Alan said yesterday that the group did not expect to make any further provisions on the *contract*, while cash flow could benefit from a settlement with Agip which was still being negotiated.

Earnings – *excluding exceptionals* – rose from 3.6p to 4.2p. Amec is paying a maintained final dividend of 1.5p making a same-again 3p *for* the year.

Edinburgh Japan seeks further £30m

The £15m Edinburgh Japan Investment Trust is seeking to *raise a further £30m ($48m)* through a placing and open offer.

James Capel hopes to place about 20m C shares with new and existing institutional shareholders. A further 10m shares will be offered to existing shareholders *through* the open offer.

Edinburgh Japan Trust was launched in July 1992 when the Japanese stock market had *reached a low point. The manager* of the fund, Edinburgh Fund Managers, sees the recent fall in Japanese share prices following the Kobe *earthquake and the collapse of* Barings bank as a similar buying opportunity.

Mr William Johnson, marketing director at Edinburgh, said that they had had the C share issue in the stocks for several months waiting for an opportunity such as this to arise. Edinburgh believes that economic recovery in Japan and rising corporate earnings will soon become more apparent.

On conversion, one warrant will be issued for every five new ordinary shares.

Dawson sells US offshoot to Springs

By James Buxton

Dawson International, the textiles group, is to sell Dawson Home Fashions, its lossmaking US subsidiary, to Springs Industries, one of the largest US home textiles makers with annual sales of more than $2bn.

The sale of the shower curtain and bathroom accessories business was among a number of measures foreshadowed earlier this week when Dawson *International* announced a restructuring. The measures included the replacement of Sir Ronald Miller as chairman.

A net loss of not more than $15m on the sale will be taken as an exceptional charge in the year to April 1 1995.

Dawson said the subsidiary had failed to reduce operating losses, mainly because of price erosion in the US, despite rationalisation of its manufacturing.

Mr Derek Finlay, Dawson's new chairman, who was formerly a senior executive with HJ Heinz, the US food processing company, said the agreement was "a most satisfactory development."

Forward in different directions

Paul Cheeseright on Lucas' and BSG's auto components businesses

Lucas Industries and BSG International are both preparing to expand in the international automotive components industry.

They are both West Midlands-based groups, *but of markedly different size and* significance in an increasingly cut-throat sector. Each set out its own preferred method of expansion when announcing sharply increased automotive components sales and profits for 1994. Their preferences highlight the variety of responses in the sector to the same competitive circumstances.

For Lucas, Mr George Simpson, chief executive, makes a basic management point about expansion: "If we can, we would prefer to maintain control, consolidate the profits, and control the cash." However, Lucas would entertain joint ventures where it lacks the resources to meet manufacturers' particular demands.

By contrast, Mr Richard Marton, chief executive of BSG, is quite clear: "We are looking for joint ventures, for global alliances." For him, this is "the way to build *critical mass. It is less capital intensive* and it is the way to win the game in the auto components business."

At the same time, the business is changing. Motor manufacturers are seeking to reduce both the number of suppliers and the prices they pay for components, while at the same time they are demanding higher quality and a greater readiness to accept development charges.

Lucas and BSG have much in common. Both have recently been carried along by strong demand from motor manufacturers; *both have been exploiting the market* more vigorously after changes in their management structures.

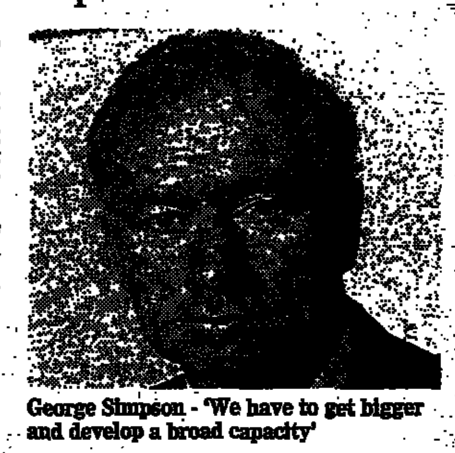
Last year Lucas pushed up automotive component sales by 20 per cent to £1bn and more than doubled operating profits to £56m. BSG's sales in the sector rose 37 per cent to £177m and operating profits vaulted to £7.3m.

This difference in scale influences the chosen methods of expansion. Lucas makes electronic and electrical systems. BSG makes products: mirrors and lighting. Lucas expects to be a first-choice supplier of its systems. BSG is more specialist.

Although Lucas is one of the UK's largest industrial groups, its automotive component sales are less than 25 per cent of those of Bosch of Germany or Nippondenso of Japan, and less than 10 per cent of those of ACG in the US. "We have to get *bigger. We have to develop a broad capability*," says Mr Simpson.

Just as motor manufacturers conceive their business internationally, so Lucas is obliged to do the same, to follow them to their plants.

But Mr Marton believes there is a limit to how far following the customer can be



George Simpson - 'We have to get bigger and develop a broad capacity'

taken by a company without damaging cashflow. In any event, he argues, customers can have just as good a service from a joint venture as from a single company.

BSG will be looking for joint ventures in the lighting sector: it is already one of the world's largest mirror suppliers with *plants in the UK, US and Australia*.

Lucas is trying to find a balance between accumulating financial strength and driving for greater size: the first can make the second easier. But, says Mr Simpson, "If I had to choose between the two, I'd almost choose to get bigger rather than get margins out."

COMMODITIES AND AGRICULTURE

'Flawed' investment theory behind LME price surge

By Richard Mooney

The basic investment theory behind much of the activity that has driven London Metal Exchange prices to long-time highs over the past year is "fundamentally flawed", according to Resource Strategies Inc. of Exton Pennsylvania.

RSI today releases a summary of the results of a "multi-client" study it has undertaken "to compare the demand for speculative liquidity arising from the physical metal price cycle with the supply of speculative liquidity suggested by the application of modern porfolio theory to commodities as an asset class along with the traditional classes of stocks and bonds".

Mr Robin G. Adams, the economic and management consultancy's president, explains that the excercise was prompted by a rapid increase in LME prices at a time when stocks of four out of its six quoted metals were rising, which suggested that "something new was going on".

"We wanted to find out what and why and, most importantly, whether it was sustainable and what its implications were for future metal pricing."

The study has revealed some serious problems, RSI says, including "the extreme imbalance between the demand for and supply of liquidity in the market and basic misconceptions about long-run trends in real metal prices and in the relationship between cash and futures prices".

Mr Adams says the early part of the rally was justified by the improvement in the world economy and "the correct realisation by a small number of large and sophisticated investors that most metals were selling far below long-run, cost-based equilibrium prices".

But the market subsequently fell under the influence of "trend followers" using technically-based trading systems who pushed prices up "far too fast".

"Metals are fundamentally unsuitable investment vehicles for long-term players like pension funds," Mr Adams says. "Hence the risk of extreme volatility as these more opportunistic investors seek to exit the markets looking for higher returns elsewhare."

Speaking at a conference organised by the Institute of Scrap Recycling Industries in Las Vegas earlier this month, the RSI president said that LME trading volume had risen from 2.7m contracts in 1986 to 47.5m last year. Part of the rise was explained by reforms that had made the LME more "investor-friendly". But the other main factor had been the influx of the new breed of derivatives trader whose "herd mentality", while it did not "cause or create turning points for prices", guaranteed that trends would be continued much longer than would otherwise have been the case.

The study, price US$12,000, is available from RSI, Bath, England – tel. 0225 481585, and RSI, Exton, USA – tel. 610 269 6900.

Canadian minister hails nickel 'elephant'

Kenneth Gooding on what could prove to be a world-beating deposit in Labrador

Canada has another world-beating mining project at Voisey Bay in Labrador, according to Ms Anne McLellan, Canada's new minister of natural resources.

In a remarkable testimony to a nickel-copper-cobalt project where only 30 holes have been drilled so far, Ms McLellan insisted this week that Voisey Bay "has all the makings of another Sudbury, Thompson or Kidd Creek". A great deal of the western world's nickel comes from Sudbury's massive mineral deposit in Ontario, which is mined by Inco and Falconbridge. Inco also owns the nickel copper deposit at Thompson, Manitoba, while the Kidd Creek copper-zinc deposit is mined by Falconbridge.

The Voisey Bay discovery came as a complete surprise, Ms McLellan told delegates at the Investing in the Americas conference in Bal Harbour, Florida, as it was made in a region with no mining history. It showed that "without doubt 'elephants' [very large mineral deposits] do still exist in Canada".

Voisey Bay was discovered by two local prospectors, Mr Albert Chislett and Mr Chris Verbisky, who at the time were searching for diamonds. Their private company, Archean Resources, is based in St Johns. A listed company, Diamond Fields Resources, in which controversial stock promoter Mr Robert Freidland is a big shareholder, is earning 100 per cent of the project by financing Archean's work. Diamond Fields has indicated that it wants to sell the project to a big mining group and says about 20 companies have shown an interest.

Ironically, Falconbridge recently announced it would develop its Raglan nickel project in northern Quebec at a cost of C$400m ($US285m). Some analysts suggest Falconbridge will halt that project if it can win control of Voisey Bay. "There is little doubt that Voisey Bay, which is much farther south and only six miles [9.5km] from tide-water, could be a much more profitable operation than Raglan," said Mr John Lydall, analyst at First Marathon Securities, who also described Voisey Bay as "the most important discovery in Canada since Kidd Creek was found 30 years ago".

Mr Paul Dean, assistant deputy minister of mines for Newfoundland and Labrador, said that, although it was still early in the project's life, there was no doubt about Voisey Bay's potential because the grades (the amount of metal in the ore) were "superb" compared with other Canadian deposits and the ore was near the surface. "The only question is whether there is 50m or 100m tonnes of ore," he said. However, it would cost C$400m to $500m to bring a mine into production.

Ms McLellan was waving the flag for Canada at a conference mostly devoted to mining in South America. Many Canadian mining companies have been turning to South America, complaining that it is becoming too expensive and difficult to operate in North America. Ms McLellan said Canada wanted its best companies to compete internationally and "key players in a global industry must be in key areas around the world investing their dollars".

Nevertheless, the new Canadian government recognised the importance of the mining industry to the economy "where it is a significant presence in more than 115 communities, contributing jobs for more than 300,000 Canadians and directly contributing C$20bn to the Canadian economy every year".

She pointed out that the government was "aggressively pursuing mining reform – it won't just be talk, there will be change". The government wanted to speed up and reduce uncertainties in the permitting process. That would be difficult and take some time because it would require negotiations between her ministry and other ministries and between the federal government and the governments of the provinces. Her government's promise to eliminate Canada's deficit would probably be easier to achieve than mining reform.

● The Mexican peso crisis would make it much more difficult for companies attempting to fund mining projects in Latin America, warned Mr Gerard Holden, director, derivative finance, Barclays Metals Group.

He identified four projects – El Abra and Collahausi in Chile, Bajo de la Alumbrera in Argentina and Metates in Mexico – that would require at least US$2bn of funding and added "this is just the tip of the iceberg". Much of the funding would have to be provided from outside the region.

Mr Holden predicted it would be easier to fund medium-sized projects than big ones. This would not be the case in Chile, however, as "the banking community now considers Chile a better risk than the rest of Latin America".

London broker stresses role of dollar in markets' buoyancy

By Deborah Hargreaves

Last year's rally in commodity prices was a reflection of the weakness of the US dollar rather than a large rise in fundamental demand for basic raw materials, according to the latest research by GNI, one of London's leading commodity brokers.

Most commodities, led by coffee and copper, staged a recovery in prices last year following several years of declining markets. But price levels have deteriorated early this year.

"Last year's patchy and often currency-related moves were merely a dry run for a far more exciting rally over the next few years," GNI says.

"The outlook for commodities is still bullish – stock levels have not been at such low levels in such a large number of commodities since the 1970s," the broker says. The research also points to the prospect that growth among the populous newly industrialised countries will provide "above-trend consumption rates until well into the next decade".

Most commodities are quoted on world markets in US dollars and while the value of that currency declined during most of 1994, it is reasonable to expect that there should be a general rally of prices in basic commodities to take into account the depreciation of the underlying currency, GNI says.

The broker translated many price moves into yen and D-Mark values to find that, for those currencies, the only trend last year was the fourth-quarter price rise. That had subsequently been wiped out by this year's "rout".

"Effectively," says GNI, while we have seen strong bull markets in several commodities in the past 12 months, there has not been a genuine across-the-board rally: gains have largely been because of currency moves.

"While the conclusion may seem a little dramatic we would point out that a basket of commodities would clearly have been a good store of value against the falling dollar."

Further big increases forecast in Ghanaian gold output

Ghana's gold production is projected to rise to more than 1.61m troy ounces this year, from last year's 1.42m, and to exceed 1.84m in 1996, according to a senior mining industry official, reports Reuters from Johannesburg.

Mr Kwabena Sarpong Manu, the director of finance and administration for Ghana's Minerals Commission, noted that those figures compared with only 282,299 ounces in 1984.

"With the current high level of exploration activity in existing concessions as well as greenfield operations, gold production is expected to continue its increase," Mr Sarpong Manu said.

Increased diamond and bauxite output was also likely.

Diamond production rose to 549,328 carats last year from 341,978 in 1984, and was projected to increase to 600,000 this year. And Mr Sarpong Manu expected that it would rise "dramatically" over the next few years.

Production of bauxite (aluminium ore) was projected at 525,000 tonnes in both 1995 and 1996, compared with 451,802 tonnes last year.

Mining, and particularly gold mining, had seen tremendous growth since 1984 as a result of changes in macroeconomic and fiscal policies and an injection of private sector capital into the industry, Mr Sarpong Manu said.

Grain consumption seen rising 15 per cent by 2000

By David White in Madrid

World grain consumption is likely to increase by 15 per cent by the year 2000, with increased import demand from China, south-east Asia, north Africa and the Middle East, a Madrid conference was told yesterday.

Under current projections for population growth, grain consumption will reach 1.6bn tonnes compared with the 1994 level of almost 1.4bn, according to Mr Herman Wijffels, chairman of Rabobank, the Dutch banking group which focuses on the food and agribusiness sectors.

He told a conference organised by the bank that world market prices should rise in the short to medium term. This would trigger production increases in South America, Australia, the US, Canada and to a lesser extent the European Union.

This increase in production should be sufficient to meet the higher demand, which would require an average 2.25 per cent annual growth in supplies, he said. But he warned that poor use of resources could threaten further production growth.

The US, Argentina, Australia and Canada would be the first to meet the increasing requirements from Asia, he predicted.

China would show sharply higher demand for grain imports, while its surpluses of maize for export would decrease. South-east Asia was also unlikely to be able to meet its needs for both food and feed grain.

Former Soviet Union countries might also need to import grains in the short term, although they were trying to reduce purchases.

Central European countries were meanwhile set to change from being net importers of grains to becoming exporters of coarse grains and wheat.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1830-1	1851-2
Previous	1796-7	1824-5
High/low		1854/1823
AM Official	1818-7	1838-9
Kerb close		1853-4
Open int.	216,201	
Total daily turnover	49,407	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1825-35	1825-30
Previous	1820-5	1820-5
High/low		
AM Official	1845-50	1835-40
Kerb close		1820
Open int.	2,778	
Total daily turnover	1,010	

■ LEAD ($ per tonne)

Close	588-9	603-3.5
Previous	585-6	600-1
High/low	590	605/601
AM Official	590-1	603.5-4.0
Kerb close		601-3
Open int.	36,292	
Total daily turnover	4,501	

■ NICKEL ($ per tonne)

Close	7575-85	7710-20
Previous	7535-45	7670-80
High/low	7580	7730/7700
AM Official	7580-90	7715-20
Kerb close		7720-30
Open int.	55,932	
Total daily turnover	9,160	

■ TIN ($ per tonne)

Close	5700-10	5750-60
Previous	5650-60	5710-20
High/low	5680	5770/5720
AM Official	5659-60	5710-15
Kerb close		5730-50
Open int.	20,007	
Total daily turnover	4,725	

■ ZINC, special high grade ($ per tonne)

Close	1025-6	1051-2
Previous	1013-4	1040-1
High/low	1025/1024	1053/1042
AM Official	1024-4.5	1049-50
Kerb close		1050-1
Open int.	97,259	
Total daily turnover	13,717	

■ COPPER, grade A ($ per tonne)

Close	2958-9	2923-4
Previous	2957-8	2918-9
High/low	2964/2960	2930/2918
AM Official	2961-2	2924-5
Kerb close		2920-1
Open int.	239,008	
Total daily turnover	99,473	

■ LME AM Official £/$ rate: 1.6058
LME Closing £/$ rate: 1.5985

Spot:1.5980 3 mths:1.5967 6 mths:1.5939 9 mths:1.5903

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Apr	139.60	+0.50	139.80	138.80	1,906	521
May	137.95	+0.65	138.20	137.10	28,508	5,431
Jun	134.70	+0.20	134.70	134.70	717	30
Jul	133.00	+0.60	133.05	132.20	6,933	980
Aug	130.35	+0.50	-	-	375	26
Sep	128.60	+0.30	128.60	128.20	3,505	215
Total					48,855	7,295

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	383.20-383.60		
Opening	382.00-382.40		
Morning fix	382.10	237.167	434.257
Afternoon fix	386.40	239.745	447.428
Day's High	384.00-384.40		
Day's Low	381.80-382.10		
Previous close	383.10-383.50		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.11	6 months	4.89
2 months	4.31	12 months	5.23
3 months	4.57		

Silver Fix	p/troy oz.	US cts equiv.
Spot	295.35	476.25
3 months	299.30	482.20
6 months	304.30	489.30
1 year	315.55	504.80

Gold Coins	$ price	£ equiv.
Krugerrand	386-389	240-243
Maple Leaf	394.60-397.00	-
New Sovereign	89-92	55-58

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	386.5	+3.6	387.9	382.1	16,877	19,885
May	383.9	-0.5	-	-	-	10,116
Jun	388.8	+3.9	389.8	384.0	59,073	32,298
Aug	392.2	+4.1	393.5	387.5	18,071	2,092
Oct	391.5	-0.6	-	-	5,782	684
Dec	399.4	+4.4	398.5	394.0	14,007	146
Total					158,896	55,758

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Apr	434.5	+15.1	434.5	416.0	2,289	1,836
Jul	440.0	+17.9	444.4	419.0	14,496	3,561
Oct	420.0	-5.3	-	-	2,573	152
Jan	428.4	-	-	-	726	2
Total					20,084	6,418

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Jun	178.00	-0.70	181.00	175.00	6,648	649
Sep	180.25	+0.95	180.00	177.50	839	263
Dec	180.00	-0.30	180.00	180.00	155	36
Mar	186.50	-	186.50	186.50	-	-
Total					7,642	1,112

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Apr	485.0	+9.4	485.0	485.0	-	1
May	518.0	+40.5	535.0	475.0	56,822	28,831
Jul	523.0	+41.6	540.0	479.5	21,159	5,695
Sep	530.0	+42.7	537.0	486.5	11,660	148
Dec	542.0	+40.3	555.0	494.0	16,715	336
Jan	488.1	+1.7	-	-	15	-
Total					132,027	34,381

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
May	19.15	-0.05	19.24	18.07	92,194	62,657
Jun	18.94	-0.04	19.00	18.88	61,895	27,898
Jul	18.72	-0.06	18.75	18.68	38,075	12,408
Aug	18.50	-0.08	18.54	18.47	17,732	6,148
Sep	18.36	-0.06	18.36	18.32	23,656	4,021
Oct	18.20	-0.09	18.20	18.20	11,096	2,016
Total					359,043	125,629

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
May	17.44	-0.02	17.60	17.38	51,466	25,240
Jun	17.20	-0.04	17.25	17.13	33,708	11,471
Jul	17.01	-0.02	17.05	16.96	14,322	2,425
Aug	16.89	-0.07	16.92	16.85	11,581	1,218
Sep	16.82	-0.06	16.86	16.81	6,213	224
Oct	16.73	-0.06	16.81	16.72	3,662	-
Total					149,168	41,290

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	47.00	-0.08	47.20	46.75	10,989	9,763
May	47.35	-0.02	47.50	47.05	32,008	12,486
Jun	47.80	+0.02	47.90	47.45	16,373	3,778
Jul	48.30	+0.12	48.35	48.00	15,492	3,189
Aug	48.70	-0.13	48.70	48.70	7,798	1,352
Sep	49.85	+0.17	49.85	49.50	4,853	738
Total					120,041	32,849

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	154.00	+0.75	155.00	152.75	27,764	4,507
May	152.25	+1.00	152.50	151.00	22,303	5,103
Jun	151.25	+0.75	151.75	150.25	13,943	3,075
Jul	152.25	+0.50	152.75	151.50	8,481	190
Aug	153.75	+0.50	153.75	153.50	2,612	37
Sep	155.50	+0.25	155.50	155.25	2,983	33
Total					92,587	13,717

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
May	1.696	+0.041	1.705	1.640	29,834	7,538
Jun	1.750	+0.030	1.765	1.715	15,273	2,587
Jul	1.775	+0.029	1.790	1.740	16,058	2,841
Aug	1.782	+0.022	1.790	1.780	13,119	2,237
Sep	1.790	+0.020	1.800	1.795	12,910	871
Oct	1.815	+0.020	1.815	1.800	9,391	503
Total					151,129	19,165

■ UNLEADED GASOLINE
NYMEX (42,000 US galls., c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	60.30	+0.31	60.40	59.70	7,990	13,674
May	58.95	-0.01	59.00	58.50	24,253	26,906
Jun	58.40	-0.13	58.50	58.10	11,954	8,685
Jul	57.80	-0.18	57.90	57.50	8,552	5,566
Aug	57.15	-0.20	57.10	57.00	5,053	1,697
Sep	56.45	-	-	-	2,508	1,022
Total					64,112	57,743

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	114.40	+0.20	115.45	114.10	1,727	266
Jul	115.35	+0.05	116.25	115.25	478	44
Sep	101.25	+0.10	101.75	101.75	332	6
Nov	102.20	-0.20	102.75	102.50	2,536	63
Jan	104.20	-0.20	104.90	104.35	726	85
Mar	105.75	-	-	-	402	-
Total					6,205	464

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

May	345/2	-2/2	347/0	344/0	19,351	2,736
Jul	341/6	-1/6	342/6	341/0	24,571	6,305
Sep	347/2	-1/2	348/0	346/6	4,213	684
Dec	358/4	-2/0	360/4	358/0	2,840	348
Mar	363/0	-2/4	363/4	363/0	132	-
Jul	336/4	+0/4	336/4	336/4	26	-
Total					51,133	10,073

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

May	247/6	-1/0	248/0	247/0	103,215	23,872
Jul	253/4	-1/2	254/0	253/0	112,705	16,224
Sep	258/6	-1/0	258/6	256/0	21,408	2,734
Dec	259/2	-1/2	259/6	258/4	90,204	18,572
Mar	265/4	-1/0	265/6	265/2	8,918	505
May	269/4	-1/2	269/4	269/4	515	7
Total					345,346	62,786

■ BARLEY LCE (£ per tonne)

May	108.75	-0.50	109.50	109.50	158	5
Sep	100.60	+0.15	101.00	101.00	120	15
Nov	101.70	+0.05	102.20	102.00	536	5
Jan	104.00	+0.25	-	-	164	-
Mar	105.75	+0.10	-	-	106	-
Total					1,084	25

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

May	571/6	-2/6	573/0	571/0	40,910	7,491
Jul	582/0	-2/6	583/0	581/0	51,213	14,409
Aug	585/6	-2/4	586/4	585/0	6,975	1,542
Sep	588/2	-2/4	588/4	587/4	3,979	153
Nov	596/0	-1/6	596/4	595/0	28,639	4,367
Jan	603/4	-	604/0	603/4	2,000	153
Total					136,719	28,374

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

May	25.90	-0.10	25.97	25.72	29,268	8,596
Jul	25.50	-0.15	25.55	25.40	21,410	3,968
Aug	25.42	-0.10	25.47	25.35	8,408	493
Sep	25.33	-0.09	25.35	25.25	6,819	762
Oct	25.20	-0.13	25.22	25.10	6,793	510
Dec	25.03	-0.13	25.05	24.95	13,160	2,363
Total					85,831	16,892

■ SOYABEAN MEAL CBT (100 tons; $/ton)

May	165.0	-0.8	165.4	164.5	32,221	4,507
Jul	169.4	-0.5	169.8	168.8	29,770	4,552
Aug	171.3	-0.5	171.6	170.8	7,969	370
Sep	173.2	-0.6	173.4	172.9	5,423	223
Oct	174.4	-0.8	174.8	174.3	9,021	165
Dec	177.5	-0.6	178.0	177.0	12,219	612
Total					97,477	10,436

■ POTATOES LCE (£/tonne)

Apr	308.5	+1.5	311.0	307.0	347	38
May	352.5	+5.0	351.0	347.0	124	28
Jun	250.0	-	-	-	-	-
Nov	105.0	-	-	-	-	-
Mar	250.0	-	-	-	-	-
Apr	128.5	+0.8	130.0	130.0	-	10
Total					817	76

■ FREIGHT (BIFFEX) LCE ($10/index point)

Mar	2243	-2	-	-	340	-
Apr	2110	+20	2120	2090	843	91
May	2020	+26	2044	1980	889	118
Jul	1840	+22	1845	1800	1,034	62
Oct	1820	+25	1820	1810	972	10
Jan	1800	+30	-	-	325	-
Total					4,593	281

	Close	Prev
BFI	2217	2234

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	933	-8	940	929	606	98
May	940	-11	949	938	17,752	1,571
Jul	955	-10	965	954	13,151	1,257
Sep	969	-8	978	969	12,573	1,580
Dec	988	-8	994	985	15,004	497
Mar	1006	-8	1012	1005	20,595	418
Total					85,525	5,515

■ COCOA CSCE (10 tonnes; $/tonnes)

May	1307	-16	1313	1299	31,897	3,430
Jul	1330	-15	1333	1321	14,781	1,539
Sep	1349	-21	1355	1345	8,914	20
Dec	1384	-17	1390	1375	8,130	83
Mar	1413	-17	1413	1413	6,023	-
May	1425	-	-	-	4,702	-
Total					76,699	5,099

■ COCOA (ICCO) (SDR's/tonne)

Mar 29	Price	Prev. day
Daily	931.68	926.79

■ COFFEE LCE ($/tonne)

Mar	3061	+16	3079	3060	90	53
May	3048	+15	3100	3050	13,416	1,258
Jul	3004	+13	3045	3005	10,451	672
Sep	2967	+17	3000	2965	8,352	63
Nov	2945	+30	2970	2930	1,503	46
Jan	2928	+33	2955	2930	243	12
Total					34,881	2,104

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

May	165.10	-2.15	169.70	163.20	13,094	3,631
Jul	168.50	-2.30	171.25	165.20	10,012	970
Sep	167.20	-3.30	171.75	167.00	5,683	355
Dec	168.00	-2.50	171.50	168.00	5,602	134
Mar	170.50	-	-	-	1,580	14
May	170.00	-	-	-	51	-
Total					36,022	5,104

■ COFFEE (ICO) (US cents/pound)

Mar 29	Price	Prev. day
Comp. daily	155.44	156.14
15 day average	161.79	162.58

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

May	-	-	-	-	1,081	-
Jul	14.60	-	14.60	14.60	4,360	-
Oct	-	-	-	-	-	-
Jan	-	-	-	-	-	-
Mar	12.03	-	12.03	12.03	-	-
Total					5,521	-

■ WHITE SUGAR LCE ($/tonne)

May	377.7	-	377.9	374.0	10,563	934
Aug	365.0	-	365.4	361.0	8,548	929
Oct	332.3	-	332.3	328.5	3,570	282
Dec	322.1	-	318.2	318.0	1,079	18
Mar	318.2	-	314.0	315.0	863	15
May	314.0	-	-	314.0	219	3
Total					24,891	2,181

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

May	14.22	-0.01	14.22	14.04	53,288	8,628
Jul	13.15	-0.09	13.18	13.05	37,353	6,069
Oct	12.17	-0.02	12.20	12.09	37,460	3,446
Mar	11.77	-0.02	11.80	11.75	13,669	1,558
May	11.62	-	11.62	11.62	3,771	55
Jul	11.30	-	-	-	4,190	90
Total					159,888	19,916

■ COTTON NYCE (50,000lbs; cents/lbs)

May	97.01	+0.80	97.70	95.50	17,058	6,263
Jul	93.04	-0.31	93.50	92.10	18,417	2,502
Oct	80.35	+0.33	80.85	80.00	6,871	1,689
Dec	75.45	+0.17	75.90	75.05	25,258	6,998
Mar	76.55	+0.17	77.00	76.20	6,348	1,030
May	77.45	+0.30	77.85	77.10	1,633	152
Total					75,888	18,688

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	105.25	-0.75	106.65	104.90	11,688	697
Jul	109.40	-0.85	110.85	109.05	5,714	243
Sep	112.75	-0.85	113.50	112.70	4,831	210
Nov	110.75	-0.40	110.75	110.75	2,294	49
Jan	111.80	-0.65	111.80	111.60	1,707	92
Mar	114.00	-	-	-	318	147
Total					26,604	1,667

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	66.600	+0.325	66.775	65.800	30,628	9,470
Jun	61.275	+0.200	61.675	60.400	24,604	7,944
Aug	59.775	+0.550	60.100	59.100	10,589	3,360
Oct	61.300	+0.425	61.600	60.550	6,410	1,230
Dec	63.075	+0.375	63.350	62.400	3,133	565
Feb	64.200	+0.400	64.400	63.550	2,329	493
Total					78,417	23,157

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Apr	37.375	-0.325	37.500	37.125	5,428	1,848
Jun	42.800	-0.150	42.850	42.450	11,799	4,406
Aug	42.750	-0.200	42.950	42.400	3,862	1,167
Oct	39.800	+0.050	40.000	39.750	2,896	649
Dec	40.800	-0.325	41.000	40.725	3,248	318
Feb	41.400	+0.050	41.400	41.350	988	69
Total					28,893	8,519

■ PORK BELLIES CME (40,000lbs; cents/lbs)

May	39.750	-0.075	39.975	39.075	16	89
Jul	40.150	+0.025	40.250	39.525	4,176	1,837
Aug	38.500	+0.575	38.500	37.850	2,166	767
Feb	50.000	-0.300	50.650	50.000	642	187
Mar	49.525	-	49.525	-	140	14
May	49.650	-	-	-	9	5
Total					7,148	2,884

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Jun	Sep	Jun	Sep
1750	160	188	49	96
1800	129	162	68	118
1850	103	139	91	143
■ COPPER (Grade A) LME	Jun	Sep	Jun	Sep
2850	121	95	43	119
2900	92	75	62	148
2950	67	59	87	180
■ COFFEE LCE	May	Jul	May	Jul
2950	147	245	48	191
3000	116	221	68	217
3050	90	201	92	247
■ COCOA LCE	May	Jul	May	Jul
925	29	61	14	31
950	17	47	27	42
975	9	36	44	56
■ BRENT CRUDE IPE	Jul	Oct	Jul	Oct
1650	89	96	35	65
1700	58	73	57	92
1750	37	54	86	123

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/May)

		+or-
Dubai	$16.48-6.53q	+0.05
Brent Blend (dated)	$18.02-8.04	+0.07
Brent Blend (May)	$17.47-7.49q	+0.07
W.T.I. (1pm est)	$19.17-9.21q	+0.05

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$181-182	+2
Gas Oil	$156-157	+1
Heavy Fuel Oil	$98-100	+1.5
Naphtha	$169-170	-1
Jet fuel	$176-178	+1
Diesel	$156-158	+0.5

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

Gold (per troy oz)♣	$383.40	+0.10
Silver (per troy oz)♣	487.50c	+7.00
Platinum (per troy oz.)	$417.25	-4.35
Palladium (per troy oz.)	$173.00	-3.00
Copper (US prod.)	145.0c	-1.0
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	14.36m	-0.25
Tin (New York)	270.50c	+2.0
Cattle (live weight)†	123.98p	+2.03*
Sheep (live weight)†♠	128.81p	-1.42*
Pigs (live weight)†	91.73p	-0.72*
Lon. day sugar (raw)	$362.4	-9.0
Lon. day sugar (wte)	$381.0	-5.0
Tate & Lyle export	£339.0	-6.0
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£141.0	
Wheat (US Dark North)	£165.0	
Rubber (Apr)♥	122.00p	-1.0
Rubber (May)♥	122.00p	-1.0
Rubber (KL RSS No1)	471.5m	+1.0
Coconut Oil (Phil)§	$630.0u	-2.5
Palm Oil (Malay.)§	$680.0z	
Copra (Phil)§	$412.0u	+3.0
Soyabeans (US)	£165.0y	-1.0
Cotton Outlook'A' Index	105.65c	-1.40
Wooltops (64s Super)	519p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. u Apr/May z Apr. y Mar/Apr. q May ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week † Prices are for previous day.

Wool

China dominated most overseas wool auctions this week, and in Australia the Eastern market indicator was 21 cents higher at 843 cents a kg. This represents a new peak for the season, though only by a fraction, and after fluctuations within 20 cents for the past seven weeks. The emphasis is still on types favoured by China and prices being paid for finer merinos are well below the peak last September. New Zealand crossbred fleece sold well at unchanged prices at this week's sale and the small decline in the market indicator, 4 cents down at 535 NZ cents a kg., was mainly due to lower prices paid for lambswool. Strength in overseas wool markets was not fully matched in the British wool market, where prices at a Bradford auction of Scottish wool failed to keep up with the most recent sale of English wool.

US DATA

US Futures are latest prices. Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 30	Mar 29	month ago	year ago
2299.5	2305.4	2348.7	1828.4

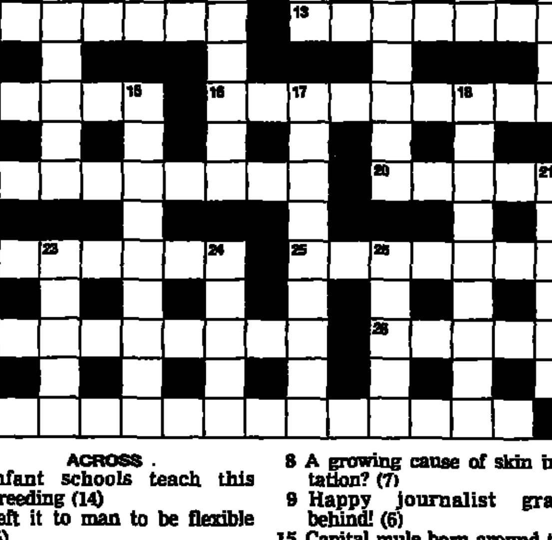
■ CRB Futures (Base: 1967=100)

Mar 29	Mar 28	month ago	year ago
232.92	232.74	233.47	226.87

JOTTER PAD

CROSSWORD

No.8,725 Set by GRIFFIN



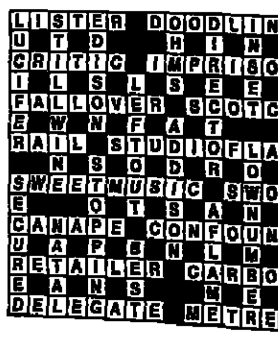
ACROSS

1 Infant schools teach this breeding (14)
10 Left it to man to be flexible (5)
11 Trains till Ian becomes very clever (9)
12 I'm into rolling paint drums (7)
13 Strip half nude and go off (7)
14 Some had a tumour, in fact (5)
16 They broke in and turned Sir out? (9)
19 Has one old lady put in the mountains (9)
20 Youth leader stirred idle bear (5)
22 Elevator unavailable for rocket launch (7)
25 Dicky said "I see it's illegal" (7)
27 Singers train colt to run (9)
28 Beer is hidden in passage (5)
29 Where the Parisian cries "it's here" in confusion (14)

DOWN

2 Final proposal's in and as a result I'm a tumbler! (9)
3 He races round with a Greek character (5)
4 Advertising local lido do overlook large town (9)
5 First person to cover article in epic poem (5)
6 Always put down Charles, having no tea, in town (9)
7 State if one owned up to nothing (5)
8 A growing cause of skin irritation? (7)
9 Happy journalist grabs behind! (6)
15 Capital mule born around the end of June (9)
17 If I try Elizabeth rings witness (9)
18 Keep fit enthusiast to use back door (9)
19 Man I call round to make a spiral (7)
21 Club subscription it raised in taxes (6)
23 Toadstools, for example, if gnu is sick (5)
24 Coming back if allowed a cut (5)
26 During sale a shop displays lead (5)

Solution 8,724



INTERNATIONAL CAPITAL MARKETS

European prices surge after Bundesbank rate cut

By Martin Brice and Antonia Sharpe in London and Lisa Bransten in New York

The Bundesbank *surprised* European bond market traders and investors yesterday with its decision to cut the discount rate by 50 basis points to 4 per cent. It fixed the securities repurchase tender (repo rate) at 4.5 per cent and the two following repos will revert to variable rates. The Lombard rate remained unchanged at 6 per cent.

Bond markets across Europe *had been drifting in low trading* volumes before the unexpected news, which resulted in immediate surges in prices and volumes as traders moved to cover short positions.

The rate cut took the pressure off other European currencies, and their bond mar*kets rose immediately*.

The change came as a shock, although some analysts had heard revived speculation of a rate cut from German houses on Wednesday afternoon.

The Bundesbank said after its announcement that slowing money supply growth and the strength of the D-Mark on the *foreign exchanges* justified the cut, without risking higher inflation.

■ The June bund future on Liffe soared by 0.30 to 92.50 after the rate cut. However, it later dropped all its gains, and in late trading on Liffe fell into negative territory. It finished around 91.88, down 0.04 on the day in almost 200,000 lots, the highest volume this year.

In the cash market, some houses saw investors moving out of the two-to-five year sector into 10-year bunds.

The yield curve steepened and the spread between the 10-year sector and the 30-year sector widened from 41 basis points before the announce*ment to 46 after*.

Ms Jane Berryman at Technical Data said: "Bunds are ending slightly lower on the day on a combination of aggressive profit-taking and outright selling on belief that today's reduction will be the last in the current cycle."

■ UK government bonds spent the *morning slipping* in low volume with bunds, then prices and volumes shifting sharply higher on the track of bunds after the rate cut announcement.

GOVERNMENT BONDS

The long gilt futures contract on Liffe was around $103\frac{13}{32}$, up $\frac{25}{32}$ point on the day. The spread of the yield on the 10-year gilt was 145 over bunds, tightening in from 156.

The government yesterday forecast a funding requirement for the 1995-1996 financial year of about £25.6bn. National savings are expected to con*tribute around £2.5bn, imply*ing gilt sales of around £23.1bn.

Auctions will continue to form the backbone of gilt sales with eight planned, each for between £2bn and £3bn. These will be supplemented with tap sales.

The planned auction dates are: April 26, June 28, July 26, September 27, October 25, late November/December (depending on the timing of the Budget), January 31, 1996 and March 27, 1996.

Around 15 per cent of gilt sales will be in index-linked stocks with the remainder in conventional stocks spread across the maturity ranges, with around one third in each of the short, medium and long-dated bands. There will be at least two auctions in each of the three conventional maturity bands.

At the end of each quarter, the Bank will indicate the intended maturity of the stock to be sold during the following quarter. It will also give details on the progress to date of the *funding programme and any* changes to the funding requirement.

■ Italian government bonds jumped on news of the German rate cut.

The June BTP future on Liffe was around 94.60, up 0.85. The spread of the yield on the 10-year benchmark bond was 615 over bunds, tightening in from 631, partly due to the central bank's failure to follow the Bundesbank with its own rate cut.

■ Swedish government bonds were hit by further currency turmoil and 10-year bond yields were 7 *basis points* higher at 11.64 per cent.

■ US Treasury prices were down modestly yesterday after first turning higher when the Bundesbank lowered the discount rate and then dropping on a bout of profit-taking and some strong economic data.

By late morning the benchmark 30-year Treasury was $\frac{5}{32}$ lower at $102\frac{29}{32}$ to yield 7.382 per *cent. At the short end of the* market, the two-year note dropped $\frac{1}{32}$ to $99\frac{25}{32}$ yielding 6.710 per cent.

Early in the morning the bonds gained support from the currency market after the *Bundesbank's* move led to a sharp strengthening of the dollar against the D-Mark and the Japanese yen. Near 11am the dollar was trading at DM1.4115 and Y89.54 versus DM1.3827 and Y88.39 late on Wednesday.

That good news caused investors to push the long bond price up more than a third of a point and then led to a wave of profit-taking that eventually pushed the prices *back close to their levels of* late Wednesday.

Bonds also faced a downward pull from Labor department data that showed that the number of people who filed initial claims for unemployment last week dropped by 10,000 from 348,000 the previous week. A consensus of economists believed the number of initial unemployment claims would be closer to 340,000.

Yesterday's unemployment figures were paid close attention, in part because they are an indicator of what the March employment figures will show when they are released *a week* today.

Hambros leads £61m deal for UK homes group

By Richard Lapper

Hambros Bank is to lead a £61m syndicated loan facility for Funding For Homes, a consortium which raises capital for 11 of the largest UK housing associations.

The deal is the latest of a number of recent forays into the capital markets by housing associations, which own some 4 per cent of UK housing stock and are seeking to diversify sources *of funding in the* wake of a decline in government financial support.

SYNDICATED LOANS

Mr Gerald Leahy, chairman *of FFH, said: "The facility* is a breakthrough in providing medium term finance for large housing associations."

The money is to be spent on 2,000 new homes. Repayable over 15 years, the loan is to be made available at a spread of 75 basis points over Libor.

Although highin comparison to spreads offered recently to corporate and sovereign borrowers, the rate compares favourably with the 125 basis *points over* the equivalent gilt achieved on a £83m 25-year bond issued last year.

FFH paid 160 basis points over the government bond on an earlier £100m 25-year issue.

Principal is repayable from year five onwards and the facility allows the associations to repay interest only for the first 10 years.

It allows FFH to swap its proceeds into fixed rate money, reducing exposure to any *future increases in interest* rates.

FFH said that the facility was "unique" because for the first time a number of associations are borrowing directly from a syndicate of lenders. Previously, syndicated facilities were restricted to lending directly to only one registered housing association.

Housing associations are seeking to raise up to £2bn in external funding in 1995, compared with around £1bn five years ago.

Much of this money will come from short and medium term borrowing from UK banks and building societies.

However, the associations are becoming increasingly interested in tapping other sources of funds, especially those which offer repayment facilities of about 15 years, rather than the more typical under 10 years or 25 years.

Last December, six medium-sized housing associations raised £36.6m in a eurobond issue through a special purpose vehicle.

*The issue, which has a matu*rity of 30 years, was launched at a spread of 75 basis points over the gilt.

A month earlier, Sanctuary Housing Association, the fifth-biggest in the country, raised $75m (£47.3m) by placing bonds privately with a group of four US insurance companies and pension funds. The deal was also organised by Hambros.

Associations participating in the FFH scheme are Ealing Family Housing *Association* (£18m), Liverpool Housing Trust (£12m), Manchester & District Housing Association (£6m), Orbit Housing Association (£10m), Paddington Churches Housing Association (£10m) and Samuel Lewis Housing Trust (£5m).

As well as *Hambros*, other banks participating in the facility are Abbey National Treasury Services, Bayerische Vereinsbank, Depfa-Bank and NWS Corporate Finance.

Warm reception for £625m loan arranged for 3i

A £625m loan for 3i, the UK investment capital group, has been one and a half times over-subscribed, signalling continu*ing competition in the syndi*cated loans market, writes Richard Lapper.

Lloyds Bank Capital Markets is leading the facility which was signed yesterday. The deal, originally designed to raise £300m when launched earlier this month, attracted £780m in commitments from 29 banks.

The facility consists of two equal tranches. One is repayable over eight years at 21 *basis points over Libor* with a 10 basis point commitment fee; the other repayable over six years at 17.5 basis points over with a 7.5 basis point commitment fee.

Toyota leads rush of eurodollar offerings

By Antonia Sharpe

The eurobond market saw a rush of eurodollar deals yesterday as issuers nipped in ahead of the World Bank's D-Mark *global bond which is set to* dominate activity next week.

INTERNATIONAL BONDS

Toyota took centre stage with its $300m offering of three-year eurobonds. Although the pricing on the bonds was thought to be aggressive at 14 basis points over the yield on treasuries, *the tight swap spreads prevail*ing in the market led syndicate managers to believe that Toyota had shifted its funding target.

Paribas declined to comment on Toyota's funding targets, but it agreed that the car company had previously borrowed at tighter levels.

However, it noted that Toyota was sensitive to the *current situation in the bond* market, both with respect to arbitrage levels and investor flows, and was anxious for its issue to perform well in the secondary market.

Paribas added that the bonds offered some pick-up over Toyota's outstanding three-year eurodollar bonds due December 1997, which were now trading at 7 basis points over treasuries.

The new bonds were mainly bought by *retail investors* in continental Europe, though there was some institutional demand.

Toyota is believed to have swapped the proceeds of the deal into floating rate dollars.

Spintab, the Swedish mortgage bank owned by Swedbank, also raised $300m through an offering of three-year floating-rate notes. The *offering will re-finance a five*-year FRN due October 1998 which Spintab is calling on April 25.

The coupon on the new notes is Libor plus $\frac{1}{16}$, which is significantly lower than that on the old notes of Libor plus ⅛.

Spintab's lower funding costs reflect the improvement in *investor perception of Scandi*navian financial institutions over the last few years.

Spintab is likely to swap the proceeds of the offering back into floating-rate krona.

Banco Central Hispano brought its expected FRN offering, which raised $150m. Some traders said that the relatively *small step-up could lead inves*tors to believe that the issuer might not call the note after five years.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Spintab‡	300	(a)	99.765R	Oct.1998	0.125R	-	JP Morgan Securities
Toyota Motor Credit Corp.	300	7.00	99.8125R	Apr.1998	0.1875R	+14(7¼%-98)	Paribas Capital Markets
L-Bank	250	7.00	100.00R	Apr.1998	0.1875R	+9(7¼%-98)	Swiss Bank Corp.
Central Hispano Fin.Serv.(b)‡	150	(b2)	99.00R	Apr.2005	0.50R	-	Goldman Sachs International
LIRE							
Eurofima‡	300bn	(c)	100.09	May.1998	0.20	-	BNL/ JP Morgan Securities
Deutsche Bank Finance(d)	100bn	zero	82.78	Feb.1997	1.125	-	Deutsche Bank London
GUILDERS							
EBRD	200	1.00	67.61R	May.2002	0.25R	+3.3(8¼%-02)	ING Bank

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) 3-mth Libor +⅛%. b) Callable in Apr.00 at par. b1) 3-mth Libor +50bp to Apr.00 and +100bp thereafter. c) 3-mth Libor -25bp. Long 1st coupon. d) Fungible with L225bn.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	93.2800	+0.400	10.12	10.22	10.23
Austria		7.500	01/05	100.4500	+0.090	7.43	7.46	7.63
Belgium		7.750	10/04	98.2000	+0.590	8.02	8.11	8.33
Canada *		9.000	12/04	101.2500	+0.250	8.80	8.97	8.95
Denmark		7.000	12/04	88.5000	+1.000	8.80	8.95	8.85
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	98.0200	+0.990	7.78	7.93	7.99
Germany Bund		7.375	01/05	101.2900	-0.150	7.18	7.17	7.41
Ireland		6.250	10/04	83.0000	+0.500	8.81†	8.81	8.79
Italy		9.500	01/05	81.1000	+0.520	12.97	13.25	11.99
Japan	No 119	4.800	06/99	106.6190	-	3.11	3.19	3.83
	No 174	4.600	09/04	108.5670	-0.040	3.67	3.81	4.56
Netherlands		7.750	03/05	103.0000	+0.120	7.31	7.35	7.54
Portugal		11.875	02/05	98.4000	+0.150	12.15	12.22	11.65
Spain		10.000	02/05	87.9200	+1.630	12.13	12.43	11.60
Sweden		6.000	02/05	69.2730	+1.073	11.33	11.37	10.81
UK Gilts		6.000	08/99	91-25	+13/32	8.29	8.34	8.59
		8.500	12/05	100-16	+22/32	8.43	8.44	8.67
		9.000	10/08	104-13	+21/32	8.45	8.44	8.64
US Treasury *		7.500	02/05	102-18	-1/32	7.13	7.17	7.43
		7.625	02/25	102-31	+2/32	7.38	7.44	7.59
ECU (French Govt)		6.000	04/04	65.6200	+0.590	8.32	8.46	8.42

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
Prime rate	9	One month	5.81	Two year	6.69
Broker loan rate	6½	Two month	5.84	Three year	6.82
Fed.funds	6$\frac{1}{16}$	Three month	5.84	Five year	6.98
Fed.funds at intervention	-	Six month	6.05	10-year	7.14
		One year	6.31	30-year	7.38

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	112.32	113.28	+1.18	113.38	112.26	200,690	106,550
Sep	111.90	112.54	+0.82	112.62	111.90	683	6,574
Dec	111.80	112.44	+0.82	111.80	111.80	2	1,539

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Apr	CALLS Jun	CALLS Sep	PUTS Apr	PUTS Jun	PUTS Sep
111	2.28	2.65	-	0.01	0.39	1.11
112	1.28	1.88	-	0.07	0.60	-
113	0.28	1.22	-	0.21	0.94	-
114	-	0.72	1.11	-	-	-
115	-	0.37	0.75	-	-	-

Est. vol. total, Calls 23,085 Puts 31,737. Previous day's open int., Calls 170,289 Puts 232,409.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.02	92.03	+0.11	92.53	91.82	204299	174076
Sep	-	91.57	+0.11	-	-	0	2319

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
9200	0.54	0.82	0.75	1.02	0.51	0.79	1.18	1.45
9250	0.31	0.58	0.54	0.81	0.78	1.05	1.47	1.74
9300	0.17	0.40	0.39	0.68	1.14	1.37	1.82	2.05

Est. vol. total, Calls 11512 Puts 12457. Previous day's open int., Calls 127395 Puts 116904

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.00	94.72	+0.97	95.00	93.70	46336	46465
Sep	93.00	94.07	+0.97	93.00	93.00	100	37

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
9450	1.77	2.50	1.55	2.93
9500	1.50	2.28	1.78	3.21
9550	1.25	2.07	2.03	3.50

Est. vol. total, Calls 2782 Puts 488. Previous day's open int., Calls 40700 Puts 30251

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	80.90	82.33		82.45	80.82	73,705	47,398

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	102-24	103-12	+0-25	104-00	102-21	78419	80567
Sep	-	103-05	+0-25	-	-	0	100

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
103	1-02	1-30	1-41	2-07	0-42	1-08	1-31	1-61
104	0-34	0-62	1-12	1-41	1-10	1-38	2-02	2-31
105	0-15	0-37	0-53	1-17	1-55	2-13	2-43	3-07

Est. vol. total, Calls 5366 Puts 3091. Previous day's open int., Calls 30359 Puts 42065

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	82.20	82.88	+0.78	82.94	82.20	3,984	7,531

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	104-18	104-20	+0-09	104-31	104-14	319,914	322,545
Sep	104-02	104-08	+0-11	104-18	104-02	721	17,105
Dec	-	103-16	+0-09	-	-	33	1,464

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	113.99	-	-	114.45	113.65	2979	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Mar 30	Day's change %	Wed Mar 29	Accrued interest	xd adj. ytd
1 Up to 5 years (24)	119.81	+0.42	119.32	1.68	2.89
2 5-15 years (21)	140.86	+0.81	140.12	1.77	3.58
3 Over 15 years (9)	157.47	+0.87	156.12	1.69	4.05
4 Irredeemables (6)	182.12	+1.27	179.83	3.35	1.47
5 All stocks (60)	137.73	+0.69	136.97	1.76	3.41
Index-linked					
6 Up to 5 years (2)	190.35	+0.18	190.01	-0.05	2.57
7 Over 5 years (11)	176.24	+0.62	175.15	0.77	1.28
8 All stocks (13)	176.79	+0.58	175.78	0.69	1.40

	Low coupon yield Mar 30	Low Mar 29	Low Yr. ago	Medium coupon yield Mar 30	Medium Mar 29	Medium Yr. ago	High coupon yield Mar 30	High Mar 29	High Yr. ago
5 yrs	8.33	8.49	7.10	8.39	8.53	7.33	8.51	8.67	7.45
15 yrs	8.36	8.47	7.59	8.44	8.56	7.70	8.65	8.75	7.97
20 yrs	8.34	8.44	7.68	8.44	8.56	7.70	8.60	8.69	7.90
Irred.†	8.36	8.47	7.80						

	Inflation 5% Mar 30	Inflation 5% Mar 29	Inflation 5% Yr. ago	Inflation 10% Mar 30	Inflation 10% Mar 29	Inflation 10% Yr. ago
Up to 5 yrs	3.50	3.59	3.21	2.08	2.16	2.29
Over 5 yrs	3.86	3.90	3.41	3.66	3.70	3.23

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 30	Mar 29	Mar 28	Mar 27	Mar 24	Yr ago	High*	Low*
Govt. Secs. (UK)	91.98	91.42	91.79	91.99	91.96	97.58	107.04	89.54
Fixed Interest	110.48	110.34	110.48	110.51	110.42	115.96	133.87	106.50

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Mar 29	Mar 28	Mar 27	Mar 24	Mar 23
Gilt Edged bargains	110.0	94.4	97.4	87.9	94.8
5-day average	98.9	94.1	98.8	98.7	100.1

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on March 30

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	92⅝	92⅞		7.75
Alberta Province 7⅞ 98	1000	101	101¼	-⅛	7.28
Austria 8½ 00	400	104⅝	105	-⅛	7.32
Baden-Wuertt L-Fin 8⅛ 00	1000	103	103¼		7.35
United Kingdom 7¼ 97	5500	102⅝	102¾	+⅛	5.98
Volkswagen Intl Fin 7 03	1000	96⅞	97⅛	+⅞	7.52
World Bank 0 15	2000	22	22¼		7.58
World Bank 5⅞ 03	3000	90⅞	91		7.33
World Bank 8⅝ 00	1250	109⅞	110¼	-½	6.40
Abbey Natl Treasury 8 03 £	1000	93⅞	93⅝	+⅜	9.21
Alliance Leics 11⅜ 97 £	100	105⅜	105⅝	+⅛	8.46
British Land 8⅞ 23 £	150	89	89¼	+¼	10.31
Denmark 6¾ 98 £	800	94⅝	94¾	+⅛	8.62
EIB 8 03 £	1000	94¾	95	+⅜	8.92
[illegible]					

[illegible]

UK GILTS PRICES

Shorts" (Lives up to Five Years)

[illegible]

Other Fixed Interest

[illegible]

* "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

CURRENCIES AND MONEY

MARKETS REPORT

Bundesbank surprises markets with rate cuts

Foreign exchange markets yesterday reacted with caution to the Bundesbank's surprise cut in interest rates, *writes Philip Gawith.*

Rates moved sharply after the announcement, but volumes were surprisingly low. The D-Mark lost ground against most currencies, but the moves stopped a long way short of reversing the recent gains made by the German currency.

The market's initial assessment was that the Bundesbank's move eased pressure on core European currencies, but was unlikely to offer anything more than a respite for the dollar and peripheral European currencies like the lira, peseta, swedish krona and sterling.

The Bundesbank cut the discount rate to 4 per cent from 4.5 per cent, and the repo rate to 4.5 per cent from 4.85 per cent.

Switzerland, Belgium, Austria and the Netherlands all followed the Germans in easing their rates.

The dollar finished in London at DM1.4107, from DM1.3997 and at Y89.575 from Y89.29

In Europe the D-Mark closed nearly four francs lower against the French franc, at FFr3.492 from FFr3.536. The peseta also made up a lot of ground to close at Pta91.03 from Pta92.75. At one stage the franc had reached FFr3.4670 and the peseta Pta90, before both currencies gave up some of their gains.

Sterling made gains against the D-Mark, closing at DM2.2525, from DM2.2404. This disguised the volatility of trade, which saw sterling rise six pfennigs at one stage from DM2.22to DM2.28, before giving up most of these gains. It closed weaker against the dollar at $1.5967 from $1.6007.

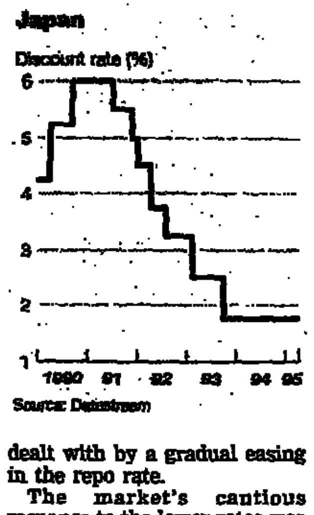
■ Whatever else the Bundesbank achieved, it managed to catch the market off guard. Although a significant minority of analysts had flagged the possibility of an easing in the repo rate, few thought it likely, or in such an amount.

As far as the discount rate goes, a Reuters poll of 20 European analysts earlier in the week found them unanimous that there would be no change in official rates.

Mr Avinash Persaud, currency strategist at JP Morgan in London, commented: "This is a significant move both in terms of its magnitude and timing." He said the Bundesbank's explanation should not be taken at face value.

"It can only be interpreted as showing some concern at the strength of the D-Mark." The policy factors mentioned by the central bank, said Mr Persaud, could easily have been dealt with by a gradual easing in the repo rate.

Japan



Source: Datastream

The market's cautious response to the lower rates was implicitly endorsed by Mr Hans Tietmeyer, president of the Bundesbank. "I do not believe our decision can significantly change currency markets," he told the ARD television station.

Certainly this was the consensus view among analysts, at least as far as the dollar goes. The market view is that the causes of dollar weakness extend far beyond the level of German interest rates.

Mr Neil MacKinnon, chief economist at Citibank in London, said: "This doesn't alter a great deal in terms of dollar direction. I am not going to change my forecast of DM1.25."

"The real problem for the dollar is more to do with the US's external imbalances. Investors believe it can't discharge its external liabilities at the current level of the exchange rate."

■ Currency market attention will now shift to the Bank of Japan. Most analysts now believe the BOJ will cut the official discount rate. More important for the dollar will be the next batch of US statistics. Expectations are that they may indicate a pick-up in growth. If so, the dollar could face further problems.

■ Interest rate markets responded bullishly to the news, with futures prices rising sharply. The June eurolira contract was up by 80 basis points at one stage, although it later retreated to a gain of about 47 points. Sterling and D-Mark futures also made significant gains, with the June contracts rising, respectively, by 18 basis points to 92.84, and 23 basis points to 95.17.

Mr Tony Norfield, UK treasury economist at ABN AMRO, said the Bundesbank's move "substantially changed" the trend for European interest rates. Others were less sure, with some arguing that the Bundesbank would soon reverse the move, and more.

■ Pound in New York

Mar 30	Latest	Prev. close
£ spot	1.6005	1.6115
1 mth	1.6003	1.6113
3 mth	1.5993	1.6101
1 yr	1.5897	1.5990

■ OTHER CURRENCIES

Mar 30	£	$
Hungary	191.971 - 192.546	120.260 - 120.560
Iran	2791.75 - 2793.52	1748.00 - 1750.00
Kuwait	0.4708 - 0.4715	0.2950 - 0.2952
Poland	3.7752 - 3.7803	2.3650 - 2.3670
Russia	7816.27 - 7817.06	4894.00 - 4897.00
U.A.E	5.8626 - 5.8663	3.6728 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Mar 30		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.8514	+0.2196	423 - 605	16.0476	15.5670	15.839	0.9	16.8052	1.2	-	-	108.1
Belgium	(BFr)	46.3043	+0.5473	608 - 478	46.6890	45.4750	46.3293	-0.6	46.2393	0.6	45.8343	1.0	110.5
Denmark	(DKr)	8.9119	+0.0264	080 - 157	9.0267	8.8278	8.9219	-1.3	8.9362	-1.0	8.8887	0.3	109.7
Finland	(FM)	7.0482	+0.0444	424 - 539	7.1490	6.9730	-	-	-	-	-	-	86.3
France	(FFr)	7.8675	+0.0148	629 - 721	7.8994	7.8054	7.8785	-1.7	7.896	-1.4	7.859	0.1	110.7
Germany	(DM)	2.2525	+0.0313	513 - 537	2.2849	2.2157	2.25	1.4	2.2438	1.5	2.2069	2.0	113.5
Greece	(Dr)	368.111	+3.855	835 - 387	372.842	363.616	-	-	-	-	-	-	68.7
Ireland	(I£)	0.9986	+0.0001	971 - 004	1.0019	0.9963	0.9981	0.6	0.9976	0.5	0.999	0.0	96.4
Italy	(L)	2746.64	+2.93	564 - 765	2772.98	2731.06	2756.74	-4.4	2778.29	-4.6	2860.64	-4.2	65.0
Luxembourg	(LFr)	46.3043	+0.5473	608 - 478	46.6890	45.4750	46.3293	-0.6	46.2393	0.6	45.8343	1.0	110.5
Netherlands	(Fl)	2.5203	+0.0327	188 - 217	2.5451	2.4824	2.5176	1.3	2.5111	1.5	2.4726	1.9	110.3
Norway	(NKr)	10.0169	+0.059	128 - 210	10.1743	9.8046	10.0076	1.1	9.9916	1.0	9.8879	1.3	100.2
Portugal	(Es)	236.918	+1.634	779 - 058	240.242	234.856	237.713	-4.0	239.423	-4.2	-	-	87.0
Spain	(Pta)	205.136	-0.861	965 - 307	207.182	203.780	205.666	-3.1	206.816	-3.3	211.546	-3.1	77.8
Sweden	(SKr)	11.9171	+0.1137	050 - 291	11.9931	11.7960	11.9192	-0.2	11.9231	-0.2	11.9348	-0.1	76.6
Switzerland	(SFr)	1.8683	+0.037	667 - 699	1.8907	1.8302	1.8644	2.5	1.8549	2.9	1.8063	3.3	113.9
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	85.6
Ecu	-	1.2284	+0.0104	275 - 293	1.2377	1.2157	1.2288	-0.4	1.2293	-0.3	1.224	0.4	-
SDR†	-	1.03630	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5968	-0.0161	963 - 973	1.6145	1.5932	-	-	-	-	-	-	-
Brazil	(R$)	1.4411	-0.0193	399 - 422	1.4640	1.4385	-	-	-	-	-	-	-
Canada	(C$)	2.2349	-0.0288	339 - 358	2.2657	2.2238	2.2381	-1.7	2.2437	-1.6	2.2468	-0.5	81.2
Mexico	(New Peso)	10.8337	-0.1411	910 - 763	10.9302	10.7604	-	-	-	-	-	-	-
USA	($)	1.5967	-0.0161	963 - 971	1.6145	1.5930	1.5965	0.2	1.5954	0.3	1.5842	0.8	90.9
Pacific/Middle East/Africa													
Australia	(A$)	2.1922	-0.0356	909 - 935	2.1937	2.1898	2.1951	-1.6	2.201	-1.6	2.2247	-1.5	80.6
Hong Kong	(HK$)	12.3466	-0.1244	431 - 501	12.4841	12.3191	12.3462	0.0	12.3469	0.0	12.3402	0.1	-
India	(Rs)	50.2322	-0.5372	036 - 607	50.8170	50.1640	-	-	-	-	-	-	-
Israel	(Shk)	4.7678	-0.0156	618 - 737	4.8278	4.7530	-	-	-	-	-	-	-
Japan	(Y)	143.025	+0.917	949 - 100	144.840	141.790	142.555	3.9	141.385	4.6	135.47	5.3	161.1
Malaysia	(M$)	4.0541	-0.0323	527 - 555	4.0928	4.0446	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4578	-0.0293	558 - 597	2.4608	2.4556	2.4639	-3.0	2.4743	-2.7	2.4944	-1.5	97.3
Philippines	(Peso)	41.3546	-0.4479	249 - 843	41.6973	41.0127	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9887	-0.0601	869 - 904	6.0550	5.9755	-	-	-	-	-	-	-
Singapore	(S$)	2.2701	-0.0127	687 - 714	2.2895	2.2652	-	-	-	-	-	-	-
South Africa	(R)	5.7478	-0.0892	451 - 504	5.7989	5.7348	-	-	-	-	-	-	-
South Korea	(Won)	1230.50	-14.54	011 - 089	1248.04	1227.73	-	-	-	-	-	-	-
Taiwan	(T$)	41.4759	-0.5121	575 - 943	42.0150	41.3877	-	-	-	-	-	-	-
Thailand	(Bt)	39.5184	-0.2923	925 - 442	39.8380	39.4710	-	-	-	-	-	-	-

†SDR rates per £ for Mar 29. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 30		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	9.9276	+0.235	244 - 308	10.0005	9.6980	9.9176	1.2	9.8971	1.2	9.8258	1.0	108.4
Belgium	(BFr)	29.0000	+0.628	800 - 200	29.0950	28.3620	29.01	-0.4	29.015	-0.2	28.93	0.2	110.5
Denmark	(DKr)	5.5814	+0.0719	804 - 824	5.6241	5.4960	5.5884	-1.5	5.6009	-1.4	5.6364	-1.0	108.2
Finland	(FM)	4.4142	+0.0714	117 - 167	4.4556	4.3278	4.4162	-0.5	4.4162	-0.2	4.4242	-0.2	85.1
France	(FFr)	4.9274	+0.0583	257 - 290	4.9365	4.8615	4.9364	-2.2	4.9514	-1.9	4.9674	-0.8	109.8
Germany	(DM)	1.4107	+0.0334	103 - 111	1.4220	1.3764	1.4093	1.2	1.4065	1.2	1.3937	1.2	113.7
Greece	(Dr)	230.545	+4.685	430 - 660	232.300	225.510	233.045	-13.0	237.285	-11.7	255.045	-10.6	68.2
Ireland	(I£)	1.5987	-0.0163	964 - 010	1.6165	1.5933	1.5996	-0.6	1.602	-0.8	1.6118	-0.8	-
Italy	(L)	1720.20	+18.94	000 - 040	1724.25	1697.80	1726.25	-4.2	1740.7	-4.8	1802.7	-4.8	63.7
Luxembourg	(LFr)	29.0000	+0.628	800 - 200	29.0950	28.3620	29.01	-0.4	29.015	-0.2	28.93	0.2	110.5
Netherlands	(Fl)	1.5784	+0.0359	779 - 789	1.5872	1.5414	1.577	1.1	1.5739	1.1	1.5605	1.1	110.4
Norway	(NKr)	6.2735	+0.099	725 - 745	6.3411	6.1481	6.267	1.2	6.2585	1.0	6.234	0.6	99.2
Portugal	(Es)	148.380	+2.49	330 - 430	149.730	145.840	148.94	-4.5	150.15	-4.8	155.13	-4.5	97.3
Spain	(Pta)	128.475	+0.745	400 - 550	129.230	127.230	128.895	-3.9	129.685	-3.8	133.65	-4.0	76.9
Sweden	(SKr)	7.4636	+0.1448	579 - 692	7.4830	7.3164	7.4773	-2.2	7.5071	-2.3	7.6551	-2.6	76.4
Switzerland	(SFr)	1.1701	+0.0346	694 - 708	1.1780	1.1360	1.1675	2.6	1.1627	2.5	1.1408	2.5	114.7
UK	(£)	1.5967	-0.0161	963 - 971	1.6145	1.5930	1.5965	0.2	1.5954	0.3	1.5842	0.8	84.6
Ecu	-	1.2998	-0.0242	992 - 005	1.3227	1.2968	1.2993	0.6	1.2978	0.6	1.2944	0.4	-
SDR†	-	0.64275	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0001	-	000 - 001	1.0001	1.0000	-	-	-	-	-	-	-
Brazil	(R$)	0.9025	-0.003	020 - 030	0.9050	0.9020	-	-	-	-	-	-	-
Canada	(C$)	1.3997	-0.004	994 - 999	1.4042	1.3957	1.4022	-2.1	1.4065	-2.0	1.4185	-1.3	79.4
Mexico	(New Peso)	6.7850	-0.02	600 - 100	6.8200	6.7300	6.7873	-0.4	6.7904	-0.3	6.7953	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	91.4
Pacific/Middle East/Africa													
Australia	(A$)	1.3729	-0.0083	725 - 734	1.3746	1.3581	1.3747	-1.6	1.3795	-1.9	1.4041	-2.3	80.3
Hong Kong	(HK$)	7.7326	-0.0002	323 - 328	7.7328	7.7320	7.7314	0.2	7.7356	-0.2	7.7711	-0.5	-
India	(Rs)	31.4600	-0.02	500 - 700	31.5200	31.4300	31.54	-3.1	31.785	-4.1	-	-	-
Israel	(Shk)	2.9860	+0.02	830 - 890	2.9840	2.9620	-	-	-	-	-	-	-
Japan	(Y)	89.5750	+1.46	500 - 000	90.2500	88.1000	89.295	3.8	88.625	4.2	85.52	4.5	163.4
Malaysia	(M$)	2.5391	+0.0053	388 - 393	2.5398	2.5338	2.5371	0.9	2.5347	0.7	2.5291	0.4	-
New Zealand	(NZ$)	1.5392	-0.0028	385 - 401	1.5421	1.5242	1.543	-3.0	1.551	-3.1	1.5743	-2.3	-
Philippines	(Peso)	25.9000	-0.02	000 - 000	26.1000	25.7000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7507	+0.0001	505 - 508	3.7508	3.7504	3.7517	-0.3	3.7538	-0.3	3.7657	-0.4	-
Singapore	(S$)	1.4217	+0.0062	212 - 222	1.4223	1.4163	1.4164	4.4	1.4082	3.8	1.3817	2.8	-
South Africa	(R)	3.5998	+0.0115	990 - 005	3.6130	3.5870	3.6178	-6.0	3.6551	-6.1	3.8491	-6.9	-
South Korea	(Won)	770.650	-1.35	600 - 700	773.500	769.700	773.65	-4.7	777.15	-3.4	795.65	-3.2	-
Taiwan	(T$)	25.9760	-0.059	710 - 810	26.0100	25.9700	25.996	-0.9	26.036	-0.9	-	-	-
Thailand	(Bt)	24.7600	+0.065	400 - 600	24.7600	24.6680	24.771	-1.0	24.7975	-0.8	24.885	-0.5	-

†SDR rate per $ for Mar 29. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 29. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

March 30	Over-night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	5¼	5½	5⅝	5⅝	6⅛	7.40	4.00	-
week ago	4⅞	5¼	6¼	6⅛	6½	7.40	4.50	-
France	7¾	7½	7½	7¾	7½	5.00	-	8.00
week ago	7¾	7½	8¼	8¼	7¾	5.00	-	8.00
Germany	4.59	4.57	4.74	4.82	5.08	6.00	4.00	4.85
week ago	4.80	4.57	5.00	5.10	5.35	6.00	4.50	4.85
Ireland	5⅝	6⅛	6⅝	7¼	7⅝	-	-	6.25
week ago	5⅞	6¾	7	7⅜	7¾	-	-	6.25
Italy	10½	10⅝	11⅛	11⅝	11¾	-	7.50	10.15
week ago	10¾	10⅝	10¾	11¾	12⅛	-	7.50	10.40
Netherlands	4.70	4.65	4.80	5.05	5.24	-	5.25	-
week ago	4.87	4.66	5.10	5.24	5.58	-	5.25	-
Switzerland	3½	3¼	3½	3⅝	3⅝	6.625	3.00	-
week ago	3⅝	3½	3¾	3⅞	4⅛	6.625	3.50	-
US	6⅛	6⅛	6¼	6⅜	6⅝	-	5.25	-
week ago	5⅝	6⅛	6¼	6⅜	6⅝	-	5.25	-
Japan	2¼	2	1⅞	1⅞	1⅞	-	1.75	-
week ago	2⅛	2	2⅛	2¼	2¼	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6⅛	6¼	6⅜	6⅝	-	-	-
week ago	-	6⅛	6¼	6⅜	6⅝	-	-	-
US Dollar CDs	-	5.91	6.10	6.27	6.55	-	-	-
week ago	-	5.91	6.07	6.27	6.62	-	-	-
SDR Linked Ds	-	4⅝	4½	4⅝	4⅝	-	-	-
week ago	-	4⅝	4⅝	4⅝	4⅝	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅝; 3 mths: 6¾; 6 mths: 6⅞; 1 year: 7⅛. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 30	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5⅜ - 5¼	5½ - 5⅜	5 9/16 - 5 7/16	5 11/16 - 5 9/16	5 15/16 - 5 13/16	6 3/16 - 6 1/16
Danish Krone	7 - 6½	7 - 6½	7¼ - 7	7¼ - 7	7⅜ - 7⅛	7½ - 7¼
D-Mark	4½ - 4⅜	4⅝ - 4½	4¾ - 4⅝	4⅞ - 4¾	4 15/16 - 4 13/16	5 3/16 - 5 1/16
Dutch Guilder	4¾ - 4⅝	4 13/16 - 4⅝	4 13/16 - 4¾	4⅞ - 4 13/16	5⅛ - 5	5⅜ - 5¼
French Franc	7⅞ - 7⅝	7¾ - 7½	7¾ - 7½	7¾ - 7½	7½ - 7¼	7¼ - 7
Portuguese Esc.	9¾ - 9½	11 - 10½	11½ - 11	11½ - 11	11¾ - 11¼	12 - 11½
Spanish Peseta	8 13/16 - 8 9/16	8⅞ - 8¾	9⅛ - 9	9 7/16 - 9 5/16	9 13/16 - 9 11/16	10 9/16 - 10 7/16
Sterling	6⅜ - 6⅛	6 5/16 - 6 3/16	6⅜ - 6¼	6⅝ - 6½	7 - 6⅞	7½ - 7⅜
Swiss Franc	4¾ - 4¼	3⅝ - 3½	3 9/16 - 3 7/16	3 9/16 - 3 7/16	3 11/16 - 3 9/16	3 13/16 - 3 11/16
Can. Dollar	8 1/16 - 8	8 1/16 - 7 15/16	8⅛ - 8	8⅛ - 8	8⅛ - 8	8⅛ - 8
US Dollar	6 3/16 - 6 1/16	6 3/16 - 6 1/16	6 3/16 - 6 1/16	6 5/16 - 6 3/16	6½ - 6⅜	6¾ - 6⅝
Italian Lira	10½ - 9	10 7/16 - 10 5/16	10 7/16 - 10 5/16	11 - 10⅞	11⅜ - 11¼	11 13/16 - 11 11/16
Yen	3¼ - 3	2⅛ - 2 1/16	2 1/16 - 2	1 15/16 - 1 13/16	1⅞ - 1 13/16	1⅞ - 1 13/16
Asian $Sing	3⅜ - 3¼	2¾ - 2⅝	2¾ - 2⅝	2⅞ - 2¾	3 - 2⅞	3⅜ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.40	93.07	+0.73	93.37	92.40	71,196	52,842
Sep	93.16	93.46	+0.43	93.64	93.06	17,272	32,908
Dec	93.20	93.45	+0.30	93.62	93.17	8,580	20,911
Mar	93.07	93.26	+0.22	93.35	93.06	2,170	15,617

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	-	93.57	0.04	-	-	0	565
Sep	93.45	93.37	0.06	93.46	93.45	70	359
Dec	93.21	93.12	0.05	93.21	93.21	65	256
Mar	-	93.10	0.04	-	-	0	0

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.96	95.17	+0.23	95.26	94.95	84707	179782
Sep	94.74	94.96	+0.25	95.05	94.73	78075	172968
Dec	94.49	94.67	+0.22	94.75	94.46	36735	130510
Mar	94.18	94.34	+0.19	94.50	94.16	15629	67954

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	88.36	88.77	+0.47	89.00	88.25	22999	39580
Sep	88.46	88.73	+0.25	88.87	88.40	4449	23739
Dec	88.58	88.73	+0.22	88.95	88.49	1740	12732
Mar	88.52	88.70	+0.18	88.83	88.50	228	7621

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.27	96.39	+0.12	96.44	96.28	7116	22742
Sep	96.17	96.30	+0.12	96.38	96.17	3153	7627
Dec	96.02	96.12	+0.11	96.16	96.02	512	6131
Mar	95.67	95.95	+0.10	95.97	95.86	782	1103

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.03	93.28	+0.28	93.37	93.00	4513	5973
Sep	93.03	93.23	+0.24	93.28	92.99	1127	4250
Dec	92.83	92.95	+0.14	93.05	92.82	232	2402
Mar	92.61	92.71	+0.12	92.79	92.61	71	1775

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 30		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.25	16.99	4.866	2.158	5933	5.443	21.64	511.7	443.0	25.75	4.095	2.160	4.827	3.449	308.9	2.652
Denmark	(DKr)	51.95	10	8.829	2.528	1.121	3082	2.828	11.24	265.8	230.1	13.38	2.098	1.122	2.508	1.792	160.5	1.378
France	(FFr)	58.85	11.33	10	2.863	1.270	3491	3.203	12.74	301.1	260.7	15.15	2.374	1.271	2.841	2.030	181.7	1.561
Germany	(DM)	20.55	3.958	3.492	1	0.443	1219	1.119	4.447	105.1	91.03	5.291	0.829	0.444	0.992	0.709	63.47	0.545
Ireland	(I£)	46.35	8.921	7.876	2.255	1	2750	2.523	10.03	237.1	205.3	11.93	1.870	1.001	2.237	1.599	143.1	1.229
Italy	(L)	1.685	0.324	0.286	0.082	0.036	100.	0.092	0.365	8.624	7.466	0.434	0.068	0.036	0.081	0.058	5.206	0.045
Netherlands	(Fl)	18.37	3.537	3.122	0.894	0.396	1090	1	3.976	94.01	81.39	4.730	0.741	0.397	0.887	0.634	56.75	0.487
Norway	(NKr)	46.21	8.894	7.852	2.249	0.997	2742	2.515	10	236.4	204.7	11.90	1.864	0.998	2.231	1.594	142.7	1.226
Portugal	(Es)	19.54	3.762	3.321	0.951	0.422	1160	1.064	4.230	100.	86.58	5.032	0.789	0.422	0.943	0.674	60.36	0.518
Spain	(Pta)	22.57	4.345	3.836	1.098	0.487	1339	1.229	4.885	115.5	100.	5.812	0.911	0.488	1.090	0.779	69.72	0.599
Sweden	(SKr)	38.84	7.477	6.601	1.890	0.838	2305	2.114	8.408	198.7	172.1	10	1.567	0.839	1.875	1.340	120.0	1.030
Switzerland	(SFr)	24.79	4.771	4.212	1.206	0.535	1471	1.349	5.364	126.8	109.8	6.381	1	0.535	1.196	0.855	76.55	0.657
UK	(£)	46.30	8.912	7.868	2.253	0.999	2747	2.520	10.02	236.9	205.1	11.92	1.868	1	2.235	1.597	143.0	1.228
Canada	(C$)	20.72	3.987	3.520	1.008	0.447	1229	1.128	4.483	106.0	91.77	5.333	0.836	0.447	1	0.715	63.98	0.549
US	($)	28.99	5.580	4.927	1.411	0.626	1720	1.578	6.274	148.3	128.4	7.464	1.170	0.626	1.399	1	89.54	0.769
Japan	(Y)	32.38	6.232	5.502	1.576	0.699	1921	1.762	7.007	165.7	143.4	8.336	1.306	0.699	1.563	1.117	100.	0.859
Ecu		37.70	7.257	6.407	1.835	0.814	2237	2.052	8.160	192.9	167.0	9.707	1.521	0.814	1.820	1.300	116.4	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7246	0.7115	-0.0145	0.7289	0.7075	30,115	56,538
Sep	0.7150	0.7145	-0.0139	0.7162	0.7130	210	2,149
Dec	-	0.7175	-	-	0.7175	14	377

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.1416	1.1261	-0.0170	1.1452	1.1209	20,393	56,738
Sep	1.1450	1.1399	-0.0166	1.1450	1.1399	275	2,528
Dec	-	1.1709	-	-	-	8	375

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8804	0.8603	-0.0218	0.8851	0.8540	17,665	29,043
Sep	0.8679	0.8680	-0.0194	0.8685	0.8655	101	2,375
Dec	0.8741	0.8730	-0.0200	0.8741	0.8720	13	156

■ STERLING FUTURES (IMM) $62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6084	1.5960	-0.0160	1.6120	1.5920	6,568	22,733
Sep	1.5880	1.5930	-0.0140	1.5960	1.5880	40	172
Dec	-	1.5900	-	-	1.5850	2	10

UK INTEREST RATES

LONDON MONEY RATES

Mar 30	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	8 - 6	6½ - 6 5/16	6⅜ - 6 5/16	6¾ - 6⅝	7⅛ - 6 15/16	7¾ - 7⅝
Sterling CDs	-	-	6 5/16 - 6 3/16	6⅝ - 6½	7 - 6 15/16	7⅜ - 7¼
Treasury Bills	-	-	6⅛ - 6 1/16	6⅜ - 6¼	-	-
Bank Bills	-	-	6⅛ - 6 1/16	6 15/32 - 6 13/32	6 15/16 - 6 13/16	-
Local authority deps.	6 1/16 - 5 15/16	6 5/16 - 6 1/16	6 5/16 - 6 3/16	6⅝ - 6½	6 15/16 - 6 13/16	7 7/16 - 7 5/16
Discount Market deps	7⅛ - 6¼	6¼ - 6⅛	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¼	5¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc.
Ave. tender rate of discount 6.0805pc. ECGD fixed rate Stg. Export Finance. Make up day Feb 28, 1995. Agreed rate for period Mar 26, 1995 to Apr 25, 1995, Schemes II & III 8.08pc. Reference rate for period Feb 1, 1995 to Feb 28, 1995, Schemes IV & V 6.795pc. Finance House Base Rate 7pc from Mar 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.69	92.84	+0.18	92.91	92.68	39816	102550
Sep	92.28	92.44	+0.18	92.51	92.28	27035	68799
Dec	91.97	92.07	+0.14	92.15	91.94	9772	58359
Mar	91.68	91.75	+0.12	91.82	91.62	3853	38366

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9275	0.25	0.23	0.21	0.16	0.54	0.89
9300	0.12	0.14	0.14	0.28	0.70	1.07
9325	0.04	0.08	0.08	0.45	0.89	1.26

Est. vol. total, Calls 6491 Puts 8934. Previous day's open int., Calls 181939 Puts 132008

EMS EUROPEAN CURRENCY UNIT RATES

Mar 30	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.08368	+0.01526	-3.18	7.48	-
Belgium	39.3960	38.2700	+0.2144	-2.86	7.12	21
Germany	1.91007	1.86095	+0.01401	-2.57	6.81	-
Austria	13.4383	13.0985	+0.0971	-2.54	6.78	-
Portugal	195.792	195.031	-0.335	-0.39	4.47	3
Denmark	7.28580	7.35747	-0.02601	0.98	3.05	-7
France	6.40608	6.48103	-0.05416	1.17	2.86	-10
Ireland	0.792214	0.821205	-0.005875	3.66	0.39	-26
Spain	162.493	169.093	-1.742	4.06	0.00	-28
NON ERM MEMBERS						
Greece	292.867	303.142	+0.331	3.51	0.53	-
Italy	2106.15	2258.97	-17.16	7.26	-2.98	-
UK	0.786652	0.822178	-0.007978	4.52	-0.43	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
1.525	6.93	7.44	7.82	0.05	0.53	1.12
1.550	4.67	5.48	6.03	0.28	1.04	1.80
1.575	2.74	3.80	4.49	0.84	1.84	2.67
1.600	1.42	2.51	3.22	1.86	2.94	3.86
1.625	0.59	1.54	2.27	3.48	4.45	5.33
1.650	0.19	0.88	1.52	5.57	6.27	7.04

Previous day's vol., Calls N/A Puts N/A . Prev. day's open int., Calls N/A Puts N/A

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	93.55	93.61	+0.04	93.65	93.55	114,090	515,143
Sep	93.39	93.41	+0.03	93.47	93.37	140,626	340,206
Dec	93.14	93.17	+0.04	93.22	93.14	98,385	256,144

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.16	94.14	+0.02	94.17	94.14	1,248	15,709
Sep	93.96	93.93	+0.02	93.96	93.93	887	10,067
Dec	93.75	93.71	+0.02	93.75	93.69	150	9,089

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
9500	0.18	0.21	0.23	0.21	0.01	0.04	0.06	0.25
9525	0.02	0.06	0.08	0.10	0.10	0.14	0.18	0.39
9550	0	0.01	0.02	0.04	0.33	0.34	0.35	0.58

Est. vol. total, Calls 14481 Puts 18080. Previous day's open int., Calls 134335 Puts 219389

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9625	0.21	0.23	0.23	0.07	0.18	0.38
9650	0.08	0.11	0.13	0.17	0.31	0.51
9675	0.01	0.04	0.08	0.41	0.49	0.69

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls [illegible] Puts [illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.50	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75	● Members of London Investment Banking Association	
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75	* In administration	
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75		
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	* Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or –	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings Res Cap 2nd Prf		50½xd	—	117	50¼	8.31	19.8	–
9¼pc Non-Cum Prf		4½	—	137½	3	1.90	–	–
Cater Allen	‡†□	460	—	*539¼	418	150.0	7.7	9.5
Close Bros	‡†□	232xd	—	*285½	203	230.9	3.9	11.4
Gerrard & Nat	‡†□	416	—	518	395	202.6	7.2	12.0
Hambros	□	213	—	473	195	376.2	8.9	13.1
7½pc Cv Pf		96½xd	+½	191	94	124.3	9.7	–
Joseph (L)	‡†	383	—	443	383	20.3	5.8	11.1
King & Shaxson	‡	91	—	170	88	15.8	12.4	9.0
Kleinwort Benson	‡♣□	649xd	–2	693	424	866.4	4.1	12.6
Rea Bros	‡†□	[illegible]	—	79	63	24.1	2.0	16.2
Schroders	‡♣□	1520xd	+5	1574	1050	1,520	1.7	14.6
NV	♣	1345xd	+5	1456	1043	388.1	1.9	12.3
Singer & Fried	‡□	82	–½	114	75	159.3	5.5	ϕ
Union	‡□	88xd	+3	*199	70	23.4	4.3	ϕ
Warburg (SG)	‡□	723	+1	1012	589	1,980	3.8	13.2
Wintrust	‡†	210xd	—	380	200	17.9	6.3	14.0

BANKS, RETAIL

	Notes	Price	+ or –	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	823	+½	£25½	£19⅞	6,879	6.5	ϕ
ANZ A$		214	–7	278¼	171	2,898	5.3	7.8
Abbey National	♣□	473½xd	+3½	523	380½	6,217	4.7	10.2
Allied Irish I£	‡□	277xd	+7	314	233	1,846	5.1	10.6
Anglo Irish I£	□	49	–1	79	49	169.8	9.0	9.9
Asahi Y	□	709¼	–1	819¼	629	16,477	0.7	–
Banco Bil Viz Pta	□	£15⅞	+⅛	£17⅛	£14⅛	3,699	5.1	7.3
Banco Sant Pta		£24¼	—	*£30½	£23¼	3,063	5.2	ϕ
Bk Ireland I£	†□	315	+3	*318	246	1,487	4.6	9.1
[illegible]								

BREWERIES
[illegible]

BUILDING & CONSTRUCTION
[illegible]

BUILDING MATS. & MERCHANTS
[illegible]

BUILDING MATS. & MERCHANTS - Cont.
[illegible]

CHEMICALS
[illegible]

DISTRIBUTORS
[illegible]

DIVERSIFIED INDUSTRIALS
[illegible]

ELECTRICITY
[illegible]

ELECTRONIC & ELECTRICAL EQPT
[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.
[illegible]

ENGINEERING
[illegible]

ENGINEERING, VEHICLES
[illegible]

EXTRACTIVE INDUSTRIES
[illegible]

FOOD PRODUCERS
[illegible]

GAS DISTRIBUTION
[illegible]

HEALTH CARE
[illegible]

HEALTH CARE - Cont.
[illegible]

HOUSEHOLD GOODS
[illegible]

INSURANCE
[illegible]

INVESTMENT TRUSTS
[illegible]

INVESTMENT TRUSTS - Cont.
[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

INV TRUSTS SPLIT CAPITAL

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OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER , PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

GUIDE TO LONDON SHARE SERVICE

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Pembroke Hall, Pembroke, Bermuda
UK: Prof Advisers 0800 414181 Jersey: 01534 71696
Private Clients 0800 414187 09 352 25040+230
From O'seas (44) 1732 777377 Hong Kong (852) 848 1000

	Init Chge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
A$ Accum			A$17.414		+0.003	6.40
A$ Dist			A$15.154		+0.002	6.40
ASch Accum			Sch230.20		+0.02	3.60
ASch Dist			Sch201.18		+0.02	3.60
BFr Accum			BFr639.50		+0.07	5.20
BFr Dist			BFr509.65		+0.07	5.20
C$ Accum			C$17.408		+0.003	7.00
C$ Dist			C$16.168		+0.003	7.00
DKr Accum			DKr108.18		+0.02	8.00
DKr Dist			DKr100.78		+0.02	8.00
DM Accum			DM34.776		+0.004	3.80
DM Dist			DM31.185		+0.003	3.80
DFl Accum			Dfl30.522		+0.003	3.90
DFl Dist			Dfl25.158		+0.002	3.80
ECU Accum			Ecu12.675		+0.002	5.80
ECU Dist			Ecu10.681		+0.004	5.50
FM Accum			FM105.49		+0.01	3.40
FM Dist			FM100.61		+0.01	3.40
FFr Accum			FFr63.003		+0.008	6.10
FFr Dist			FFr60.415		+0.008	6.10
HK$ Accum			HK$112.22		+0.01	5.80
HK$ Dist			HK$100.05		+0.02	5.80
I£ Accum			I£11.465		+0.002	4.80
I£ Dist			I£10.077		+0.002	4.80
Lire Accum			L20687		+25	9.10
Lire Dist			L15194		+23	9.10
NZ$ Accum			NZ$35.475		+0.007	7.80
NZ$ Dist			NZ$30.360		+0.007	7.80

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.
Intl Currencies Fd Ltd

	Init Chge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
US$			$40.85		-0.01	4.96
Canadian $			C$61.58		+0.01	6.96
£ Sterling			£20.47		—	6.11
D-Mark			DM71.09		-0.01	5.08
Swiss Francs			SFr64.31		—	2.28
Japanese Yen			Y6534		+1	1.27
Managed Fund			$43.07		—	—

Latest Fund Prices 24hr service 01481 718043

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 248, St Peter Port, Guernsey 01481 723021

	Init Chge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
GlobalSar Dollar Accum		5	$27.98	28.72	+0.23	—
GlobalSar Dollar Dist		5	$25.578	27.14	+0.21	2.91
GlobalSar-£		5	216.27	17.25	-0.04	3.26
(Accum Units)		5	218.78	19.91	-0.06	—

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey 01481 719551

	Init Chge	Notes	Selling Price	Buying Price	+ or -	Yield Gr's
European Bd $		3	$11.2767	11.8885	+0.023	7.80
Approx Stlg Equiv		3	£6.9914	7.2354	+0.0025	7.80

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Emerging Mkts Liquid Inv Ptfl	$11.78	11.89	—	—

Apollo Investment Management Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Japan	£10.617	10.593	+0.19	—
Tiger	£9.398	10.004	-0.025	—

Arab Bank Fund Managers (Guernsey) Ltd
AB International Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Managed Currency	$10.85	10.89	+0.04	—
International Bond	$10.56	11.02	+0.01	—

Bachmann Global Investment Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Cash, Cpl & Stlg Fxd Int	£17.83	17.86	—	—
US Dollar Intl Bond & Cty	$152.31	155.77	—	—
Sterling Intl Bond & Cty	£100.13	102.39	—	—
Global Equity	$8.63	9.08	—	—
Intl Equity Index	$99.30	102.99	—	—

GT Asset Management (Ireland) Ltd
(44) 171 710 4567 London

GT ASEAN A; GT ASEAN A; GT ASEAN B; GT ASEAN B; GT Asia A; GT Asia A; GT Asia B; GT Asia B; GT Asian Small Cos A; GT Asian Small Cos A; GT Asian Small Cos B; GT Asian Small Cos B; GT Australia A; GT Australia A; GT Australia B; GT Australia B; GT Australian Sm Cos A; GT Australian Sm Cos A; GT Australian Sm Cos B; GT Australian Sm Cos B; GT Berry Japan A; GT Berry Japan A; GT Berry Japan B; GT Berry Japan B; GT Bio & Applied Science A; GT Bio & Applied Science A; GT Bio & Applied Science B; GT Bio & Applied Science B; GT Bond A; GT Bond A; GT Bond B; GT Bond B; GT Emerging Markets A; GT Emerging Markets A; GT Emerging Markets B; GT Emerging Markets B; GT Emerging Mkt Sm Co A; GT Emerging Mkt Sm Co A; GT Emerging Mkt Sm Co B; GT Emerging Mkt Sm Co B; GT Euro Small Cos A; GT Euro Small Cos A; GT Euro Small Cos B; GT Euro Small Cos B; GT Gilt A; GT Gilt A; GT Gilt B; GT Gilt B [prices illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

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Merrill Lynch Asset Management - Contd.

Albany International Assurance Ltd

Royal Skandia Life Assurance Ltd

CDC International

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON STOCK EXCHANGE

MARKET REPORT

Shares race ahead on interest rate optimism

By Terry Byland, UK Stock Market Editor

The cut in the Bundesbank's *discount and repo rates was* entirely unexpected in the UK stock market, which responded very favourably to this sign of reduced interest rate pressure. The market, which had been treading water in the early part of the session, later jumped by nearly 34 points to a new 1995 closing peak following the Bundesbank's move.

Successive rate cuts in Austria, Belgium and Holland focused attention on whether France would soon *follow suit. For the UK market this* trend was a positive setting for next week's meeting between the UK chancellor of the exchequer and the governor of the Bank of England. Some analysts were now prepared *to argue that UK base rates might* not need to rise again this year.

The FT-SE 100-share Index closed 33.9 points up at 3,176.2, having topped out at 3,188.9 in mid-afternoon. Although profits were taken at one time, the closing tone was very confident as the Dow Jones Industrial Average gained 11 points early in the New York session, reaching a new trading high to follow the peak close of the previous day.

There were strong gains among the dollar stocks which feature in the Footsie list, reflecting confidence that yesterday's rally in the dollar will prove the beginning of a recovery for the US currency.

Interest rate-related stocks, ranging from the banks, which see bad debt portfolios helped by subdued interest rates, and the consumer and retail issues, hoping for increased consumer spending, all moved ahead sharply.

At Strauss Turnbull Mr Ian Harnett commented that yesterday's move by the Bundesbank removed the spectre of higher interest rates for the near term.

The danger that the Bundesbank *rate reductions might spark* inflationary pressure were raised by some analysts. However, *Mr* Richard Jeffrey of Charterhouse Tilney believed that the strength of the D-Mark in recent months had damped such pressures in Germany.

The focus was on the blue chip international stocks, which are the most closely linked to currency and international interest rate factors. There was little opportunity for investors to move into the second line issues yesterday afternoon, but the FT-SE Mid 250 Index climbed 16.8 to 3,438.6 and the FT-SE-A 350 closed 14.8 higher at 1,573.5.

Traders identified further year-end tax-loss selling and this, combined with the sudden rush into the market in the second half of the session, *took the Seaq volume total* to 810.7m shares, once again in the bull market range. The focus on the blue chips left the non-Footsie stocks lagging behind, to make up only 52 per cent of the total.

On Wednesday 771.4m shares were traded, £1.83bn in terms of retail, or customer, worth to London based securities houses. Although this is a high figure by the standards of the past 12 months, it masks a tendency towards focusing equity business around a handful of the biggest market firms. Tax loss trading appears to strengthen this trend, since it is the large investment institutions which play the leading role in such operations.

FT-SE-A All-Share Index

Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover

Indices and ratios

FT-SE 100	3176.2	+33.9
FT-SE Mid 250	3438.6	+16.8
FT-SE-A 350	1573.5	+14.8
FT-SE-A All-Share	1552.46	+14.03
FT-SE-A All-Share yield	4.12	(4.16)

FT Ordinary index	2433.6	+27.7
FT-SE-A Non Fins p/e	17.20	(17.04)
FT-SE 100 Fut Jun	3208.0	+35.0
10 yr Gilt yield	8.47	(8.59)
Long gilt/equity yld ratio:	2.09	(2.09)

Best performing sectors

1 Tobacco .... +2.8
2 Extractive Industries .... +2.2
3 Gas Distribution .... +1.8
4 Breweries .... +1.8
5 Household Goods .... +1.5

Worst performing sectors

1 Oil Exploration & Prod .... -0.5
2 Life Assurance .... -0.2
3 Building Matls & Mer .... -0.2
4 Other Serv & Bus .... -0.2
5 Electricity .... -0.0

Setback for Redland

Building materials group **Redland** dropped to the bottom of the Footsie performance charts, tumbling by 4.7 per cent as the company, world leader in concrete roofing tiles, effectively sliced a third off its dividend.

The news, accompanied by top of the range profits for 1994, *came out of the blue,* caught the market completely off guard and sparked turnover of 12m shares, an all-time high for the stock. The shares finished 22 weaker at 445p.

Some analysts felt Redland, once the darling of the income funds, could well experience further weakness in late April once the shares go ex the final dividend. However, UBS pointed out that the new yield level of 4.7 per cent remained *at a premium to the Footsie* average.

The dividend move, a radical attempt to circumvent unrelieved Advance Corporation Tax problems arising from a low level of UK profits, does at least bolster earnings per share – by 10 per cent on some estimates.

Hanson alert

International conglomerate **Hanson** *was restrained early in* the day by market speculation that it had its sights on a big US acquisition.

Hanson has for some time been seen as a putative aggressor for one of the UK's leading companies. Yesterday, dealers were saying it had its heart set on American Brands, the company that sold its tobacco arm *to BAT for $1bn last* year.

American Brands is capitalised at $8bn and controls a range of companies from Dollond & Aitchison, the opticians, and cigarette group Gallagher to Jim Beam and Gilbey's, the spirits companies.

It would be an expensive buy for Hanson, which could lay its hands on about £2bn and raise much more through borrowing. There is a belief that if it were to angle for a fish of *that size, Hanson would need* to make a rights issue.

However, some analysts cautioned that Hanson would hardly be likely to move into the US at a time when it was busy demerging its US interests by hiving off 34 US businesses, and could not take on Gallaher because it might run into monopoly restraints. The shares were off 2 in early trading and then, unable to resist the impact of the German rate *cut, closed a net 3¾ higher at* 235¾p. Turnover was heavy at 11m shares.

Vodafone uneasy

Mobile phones group **Vodafone** stayed out of step with the overall market, easing to 204½p as worries about March disconnections took hold.

The big build-up in sales ahead of Christmas is now starting to show through in *heavy disconnections as sub*scribers hand back Christmas gifts they cannot afford to maintain. Vodafone is expected to publish March disconnection numbers on Monday, and the betting among analysts is that the so-called churn rate is going to be high. The shares saw 4.7m traded.

Submarine maker **VSEL** put *on 12 at 1555p on the news that* bid contender **British Aerospace** was to push ahead with the second instalment of its financing plan ahead of next month's monopolies ruling on the proposed takeover. GEC and BAe are in line to bid for VSEL and yesterday's funding statement from the latter was seen by the market as a clear sign that BAe is determined to make a fight of it.

However, the group's new *£383m equity and warrants* package, linked to any eventual cost of the takeover, is more complex than the original rights issue plan. BAe *closed unchanged at 486p,* having been 8 lower at one stage.

British Steel rose 4 to 160p in 17m trade as the company hosted a dinner for analysts. It was bullish about demand trends and hopeful about steel price rises in June.

Attention in the utilities focused on **North West Water**, *which yesterday confirmed* reports of a five-year plan for customer rebates and special dividends for investors.

The shares climbed 15 to 543p in turnover of 3.6m as the market welcomed the move from one of the UK's largest privatised water companies. Mr Robert Miller-Bakewell at NatWest Securities said: "I think this is good for shareholders as it will produce higher dividend distribution than was previously expected."

However, ABN Amro-Hoare Govett was "distinctly cautious" and Mr Nigel Hawkins at the broker said: "NWW is *taking some risk in making* these promises for the next few years. It will be crucial that the company outperforms the capital expenditure figures."

Market watchers were busy trying to guess which water company will be the next to make a similar announcement, particularly in view of com*ments made by Mr Ian Byatt,* the water industry regulator. Candidates put forward included **Southern**, up 8 at 566p, **Severn Trent**, 3 harder at 509p, and **Yorkshire**, 10 ahead at 525p on volume of 3m.

Pharmaceuticals group **SmithKline Beecham** fell 8 to 494p on a combination of US selling and a note of caution from SGST. However, Glaxo rose 7 to 717p. Although some analysts believe the mood of optimism over the stock is turning, particularly in the US, others are still preparing buy recommendations as they forecast prospective savings to be made from the takeover of Wellcome. One leading US house is poise to issue a buy recommendation today. Wellcome firmed 3 to 1056p.

Medeva dropped 8 to 207p after news that gas producer BOC is to press ahead with a law suit in the US alleging misuse of trade secrets. BOC, down a penny to 695p, filed the suit against four former employees and Medeva's Inhalon Pharmaceuticals. *There was also* an element of profit-taking after a good run.

Oil major **Shell Transport** improved 10 *to* 715p, the shares registering relief that the big switch into BP which has been carried out by Kleinwort Benson for most of the week seemed to have finished. BP *improved 6 to 435¼p.*

Bank note group **De La Rue** suffered from the disappointment that has overhung the shares since the veiled profits warning in early March. The fall of 11 to 864p was heightened by strong gains in rivals **Arjo Wiggins Appleton** and *Bowater.*

Arjo was the best performer in the FT-SE 100, rising 10 to 254p, with the market still refusing to accept that the 40 per cent St Louis stake is not up for grabs. Bowater benefited from involvement in one of the big programme trades late on Wednesday and the shares *improved 12 to 452p.*

A big US broker was said to have shown a keen interest in Thorn EMI. The shares moved 13 ahead to 1090p. Clothes retailer Next, which reported figures earlier this week, bounced 11 to 291p, boosted by a NatWest recommendation.

In the *drinks sector, Scottish* & Newcastle jumped 15 to 529p, with James Capel said to favour the stock.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Mar 30	Mar 29	Mar 28	Mar 27	Mar 24	Yr ago	*High	*Low
Ordinary Share	2433.6	2405.9	2395.4	2417.4	2413.0	2439.2	2713.6	2238.3
Ord. div. yield	4.35	4.39	4.42	4.38	4.39	3.82	4.66	3.43
Earn. yld. % full	7.07	7.16	7.19	7.12	7.15	5.21	7.39	3.82
P/E ratio net	16.84	16.66	16.57	16.72	16.67	20.85	33.43	16.11
P/E ratio nil	16.66	16.48	16.39	16.54	16.49	21.73	30.80	15.77

*For 1994/5. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2405.7	2407.3	2405.7	2401.8	2399.3	2413.4	2432.6	2432.2	2431.0	2438.8	2398.9

	Mar 30	Mar 29	Mar 28	Mar 27	Mar 24	Yr ago
SEAQ bargains	40,088	34,820	35,707	33,734	29,083	40,901
Equity turnover (£m)†	-	1831.5	1443.7	1411.9	1703.3	1355.2
Equity bargains†	-	48,600	45,664	47,334	41,775	49,505
Shares traded (ml)†	-	796.8	682.2	653.4	727.5	533.8

†Excluding intra-market business and overseas turnover.

■ London market data

Rises and falls*		1994/95 Highs and lows		LIFFE Equity options	
Total Rises	934	Total Highs	39	Total contracts	38,184
Total Falls	426	Total Lows	76	Calls	17,669
Same	1,503			Puts	20,515

March 30 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Jun	3167.0	3208.0	+35.0	3223.0	3144.0	22450	64848
Sep	3194.0	3232.0	+35.0	3240.0	3186.0	696	1240
Dec	-	3263.0	+35.0	-	-	0	0

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open Int.
Jun	3460.0	3470.0	+10.0	3475.0	3460.0	22	4358

■ FT-SE 100 INDEX OPTION (LIFFE) (*3174) £10 per full index point

	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P
Apr	195½	2	148½	5½	107	12½	70	25	39½	46½	19	78	7	126½	3	175½
May	213½	11	171½	19	133	30	98	46	68½	68	46	97½	29	133½	17	176½
Jun	226	21	188½	31	150	45	118½	64	89	85	67	114	47	146	32½	184
Jul	246½	33½	219½	47	174	60½	145	81	115	102	93	130½	71	160	64½	196
Dec†	316½	70½			252½	105			193	146			149½	200		

Calls 5,795 Puts 10,111

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P
Apr	172	4	128	9½	87	18½	53½	34½	29½	60½	13½	94	4½	134½	1	181
May	192½	15	152	24	115½	37	84	55	58	79	38	108	23½	143	13½	182½
Jun	208½	28	179	39	135	53	104	71½	77	93½	54½	120½	36½	152	23½	188
Sep	257	56½			188	85½			130½	123½			84	174		
Dec†	303½	77			239	107½			182½	146			132½	191½		

Calls 2,347 Puts 1,184 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	1994/95 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
150	F.P.	512.6	167	154	Albright & Wilson	163½	-½	R6.0	1.5	4.6	18.1
-	F.P.	18.4	201	175	Beale	180		H5.9	-	4.1	-
-	F.P.	35.1	155	123	Colleagues	155	+5	-	-	-	-
§128	F.P.	15.6	135	130	Dailywin	130		Rv6.0	2.2	5.8	6.8
§130	F.P.	45.7	138	136	Datrontech	136		-	-	-	15.6
175	F.P.	-	178	174	Expro Intl	174½	-1½	Wv6.0	3.3	-	-
100	F.P.	30.0	101	100	Geared Inc Inv C	100		-	-	-	-
§135	F.P.	15.7	138	117	Golden Rose	117	-2	-	-	-	-
100	F.P.	161.6	101	95	HTR Inc Gth Sp Inc	101		-	-	-	-
100	F.P.	94.5	105	102	Do. Zero Div Pf	105	+½	-	-	-	-
-	F.P.	9.40	20	17	Inv Cap Warrants	19		-	-	-	-
-	F.P.	21.8	87	83	Inv Tst of Inv Tsts	84		-	-	-	-
-	F.P.	2.91	59	55	Do. Warrants	56		-	-	-	-
-	F.P.	0.35	5	3	Melrose Warrants	3½		-	-	-	-
100	F.P.	23.8	96	90	Montanaro UK Sm	95		-	-	-	-
-	F.P.	2.15	48	43	Do. Warrants	43		-	-	-	-
476	170	5,993.4	193	158½	*Natl Power (P/P)	181½	-½	F15.45	2.6	4.1	12.8
90	F.P.	17.5	92	90	PTS	92		L3.6	1.9	4.9	13.3
512	185	4,011.3	206	176½	*PowerGen (P/P)	184		F15.0	3.2	3.7	11.0
-	F.P.	81.7	517	493	Schroder I G Uts	516	+1	-	-	-	-
100	F.P.	22.5	97	95	Scott Or Smlr Cos	95		-	-	-	-
-	F.P.	1.90	42	39	Do. Warrants	40		-	-	-	-
50	F.P.	3.26	50	42	Superframe	42	-1	Rv2.0	1.6	6.0	10.3
-	F.P.	0.04	5	6	Do. Warrants	6		-	-	-	-
-	F.P.	24.5	103	100	Throg Dl Zero Pf	103	+1	-	-	-	-
145	F.P.	63.4	183	170	Zotefoams	175		Wv4.65	2.1	3.3	17.7

* Note: Issue price 10p higher for institutional and overseas investors.

FT GOLD MINES INDEX

	Mar 29	% chg on day	Mar 28	Mar 27	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1818.89	+0.2	1815.19	1813.60	2077.98	2.33	2337.90	1697.91
■ Regional Indices								
Africa (16)	2555.30	+1.6	2514.40	2497.99	2755.64	5.34	3711.87	2304.45
Australasia (7)	1986.82	-0.8	2003.37	2100.28	2597.53	2.08	2951.49	1798.20
North America (11)	1584.90	-0.3	1589.91	1577.81	1805.12	0.83	1911.21	1348.18

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Latest prices were unavailable for this edition.

FT-SE Actuaries Share Indices — The UK Series

	Mar 30	Day's chge%	Mar 29	Mar 28	Mar 27	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3176.2	+1.1	3142.3	3128.3	3149.8	3088.4	4.30	7.80	15.50	44.44	1230.27
FT-SE Mid 250	3438.6	+0.5	3421.8	3416.2	3419.9	3752.9	3.74	6.72	17.98	25.76	1305.39
FT-SE Mid 250 ex Inv Trusts	3446.0	+0.5	3430.0	3423.3	3427.1	3776.5	3.89	7.26	16.72	25.86	1306.34
FT-SE-A 350	1573.5	+0.9	1558.7	1552.8	1561.4	1570.4	4.17	7.56	15.99	19.75	1245.29
FT-SE-A 350 Higher Yield	1588.4	+1.1	1571.0	1564.3	1573.1	1578.4	5.13	8.36	14.38	26.96	1037.72
FT-SE-A 350 Lower Yield	1558.2	+0.8	1548.5	1541.3	1549.9	1521.8	3.06	6.63	18.41	12.13	1035.41
FT-SE SmallCap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE SmallCap ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A ALL-SHARE	1552.46	+0.9	1538.43	1533.00	1540.81	1561.97	4.12	7.39	16.39	18.90	1248.97

■ FT-SE Actuaries All-Share

	Mar 30	Day's chge%	Mar 29	Mar 28	Mar 27	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	[illegible]										
12 Extractive Industries(7)	[illegible]										
15 Oil, Integrated(3)	[illegible]										
16 Oil Exploration & Prod(14)	[illegible]										
20 GEN INDUSTRIALS(279)	[illegible]										
21 Building & Construction(36)	[illegible]										
22 Building Matls & Merchs(31)	[illegible]										
23 Chemicals(23)	[illegible]										
24 Diversified Industrials(17)	[illegible]										
25 Electronic & Elect Equip(37)	[illegible]										
26 Engineering(72)	[illegible]										
27 Engineering, Vehicles(13)	[illegible]										
28 Paper, Pckg & Printing(27)	[illegible]										
29 Textiles & Apparel(21)	[illegible]										
30 CONSUMER GOODS(94)	[illegible]										
31 Breweries(18)	[illegible]										
32 Spirits, Wines & Ciders(10)	[illegible]										
33 Food Producers(24)	[illegible]										
34 Household Goods(10)	[illegible]										
36 Health Care(18)	[illegible]										
37 Pharmaceuticals(12)	[illegible]										
38 Tobacco(2)	[illegible]										
40 SERVICES(230)	[illegible]										
41 Distributors(32)	[illegible]										
42 Leisure & Hotels(29)	[illegible]										
43 Media(43)	[illegible]										
44 Retailers, Food(16)	[illegible]										
45 Retailers, General(44)	[illegible]										
48 Support Services(35)	[illegible]										
49 Transport(21)	[illegible]										
51 Other Services & Business(7)	[illegible]										
60 UTILITIES(37)	[illegible]										
62 Electricity(17)	[illegible]										
64 Gas Distribution(2)	[illegible]										
66 Telecommunications(5)	[illegible]										
68 Water(13)	[illegible]										
69 NON-FINANCIALS(664)	[illegible]										
70 FINANCIALS(118)	[illegible]										
71 Banks, Retail(9)	[illegible]										
72 Banks, Merchant(6)	[illegible]										
73 Insurance(25)	[illegible]										
74 Life Assurance(6)	[illegible]										
77 Other Financial(23)	[illegible]										
79 Property(48)	[illegible]										
80 INVESTMENT TRUSTS(133)	[illegible]										
89 FT-SE-A ALL-SHARE(916)	1552.46	+0.9	1538.43	1533.00	1540.81	1561.97	4.12	7.39	16.39	18.90	1248.97
FT-SE-A Fledgling	[illegible]										
FT-SE-A Fledgling ex Inv Trusts	[illegible]										

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3140.8	3144.4	3141.0	3137.6	3132.4	3152.8	3177.8	3177.3	3174.5	3188.6	3131.7
FT-SE Mid 250	3423.7	3424.7	3423.1	3422.2	3420.4	3424.6	3434.8	3436.4	3438.0	3439.5	3422.5
FT-SE-A 350	1559.3	1559.8	1558.3	1557.0	1554.8	1558.0	1573.7	1572.4	1572.8	1577.1	1554.5

Time of FT-SE 100 Day's High: 3.32pm Day's low: 11.55am. [illegible]

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	946.8	945.9	942.4	941.5	938.2	940.1	943.1	943.1	943.6	943.6	948.2	-4.6
Pharmaceuticals	3683.6	3674.0	3667.9	3667.5	3663.3	3683.7	3712.5	3711.3	3694.8	3695.3	3694.8	+0.5
Water	1763.9	1778.5	1772.8	1770.1	1767.0	1767.5	1768.5	1768.5	1771.2	1751.1	+20.1	[illegible]
Banks, Retail	2983.3	2995.3	2990.1	2984.3	2978.0	3005.2	3022.1	3030.8	3029.0	3030.4	3001.6	+28.8

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	7,800	350	-1
ASDA Group†	10,000	74½	+½
Abbey National†	2,600	473½	+3½
Albert Fisher	1,700	42	
Allied Domecq†	2,000	531	-2
Anglian Water	3,000	475	+10
Argos	1,200	390	+2
Argyll Group†	5,600	268½	+6
Arjo Wiggins†	2,800	254	+10
[illegible]	[illegible]	[illegible]	[illegible]

COMMERCIAL PROPERTY

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 30 / Sch)

BELGIUM/LUXEMBOURG (Mar 30 / Frs.)

CZECH REP (Mar 30 / Koruna)

DENMARK (Mar 30 / Kr)

FINLAND (Mar 30 / Mka)

FRANCE (Mar 30 / Frs.)

GERMANY (Mar 30 / Dm.)

GREECE (Mar 30 / Drachma)

ITALY (Mar 30 / Lira)

NETHERLANDS (Mar 30 / Fls.)

NORWAY (Mar 30 / Kroner)

POLAND (Mar 29 / Zloty)

PORTUGAL (Mar 30 / Escudo)

SPAIN (Mar 30 / Pta.)

SWEDEN (Mar 30 / Kronor)

SWITZERLAND (Mar 30 / Frs.)

TURKEY (Mar 30 / Tk Lira)

PACIFIC

JAPAN (Mar 30 / Yen)

HONG KONG (Mar 30 / H.K.$)

INDONESIA (Mar 30 / Rupiah)

MALAYSIA (Mar 30 / MYR)

NEW ZEALAND (Mar 30 / NZ $)

SINGAPORE (Mar 30 / S$)

AUSTRALIA (Mar 30 / Aust$)

SOUTH KOREA (Mar 30 / Won)

TAIWAN (Mar 30 / TW $)

THAILAND (Mar 30 / Baht)

AFRICA

SOUTH AFRICA (Mar 30 / Rand)

NORTH AMERICA

CANADA

TORONTO (Mar 30 / Can $) 3:15 pm

MONTREAL (Mar 30 / Can $) 3:15 pm

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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INDICES

	Mar 30	Mar 29	Mar 28	1994/5 High		1994/5 Low	
Argentina							
General (29/12/77)	(c)	13601.45	13674.84	25420.40	16/2/94	9831.88	9/3/95
Australia							
All Ordinaries(1/1/80)	1894.6	1893.0	1899.7	2340.60	3/2/94	1823.30	8/2/95
All Mining(1/1/80)	818.0	821.2	825.7	1138.10	3/2/94	795.30	8/2/95
Austria							
Credit Aktien(30/12/84)	350.32	355.01	358.00	460.69	2/2/94	350.32	30/3/95
Traded Index(2/1/91)	934.83	950.36	951.74	1222.25	1/2/94	934.83	30/3/95
Belgium							
BEL20 (1/1/91)	1311.26	1292.49	1292.03	1542.85	9/2/94	1271.53	9/3/95
Brazil							
Bovespa (29/12/83)	(c)	31882.0	32558.0	55710.90	13/9/94	3600.90	3/1/94
Canada							
Metals Minls♦(1975)	(c)	4145.16	4116.09	4928.07	18/1/95	3298.06	20/4/94
Composite♦ (1975)	(c)	4299.00	4299.70	4609.50	23/3/94	3959.90	24/6/94
Portfolio§§ (4/1/83)	(c)	2130.21	2129.82	2282.69	1/2/94	1868.48	28/6/94
Chile							
IPGA Gen (31/12/80)	(c)	5297.26†	5300.75†	6754.40	21/11/94	3891.20	4/4/94
Denmark							
CopenhagenSE(3/1/83)	331.31	330.01	335.61	415.79	2/2/94	330.01	29/3/95
Finland							
HEX General(28/12/90)	1586.7	1555.3	1587.5	1872.00	4/2/94	1555.30	29/3/95
France							
SBF 250 (31/12/90)	1236.87	1216.31	1210.90	1585.20	2/2/94	1154.41	13/3/95
CAC 40(31/12/87)	1893.00	1852.42	1837.19	2355.93	2/2/94	1721.60	13/3/95
Germany							
FAZ Aktien(31/12/58)	708.87	710.97	715.02	858.27	18/5/94	708.87	30/3/95
Commerzbank(1/12/53)	2018.7	2027.5	2037.0	2465.50	2/5/94	2018.70	30/3/95
DAX (30/12/87)‡	1918.46	1918.88	1910.96	2271.11	16/5/94	1910.96	28/3/95
Greece							
Athens SE(31/12/80)	818.31	795.35	800.62	1194.58	18/1/94	787.15	16/3/95
Hong Kong							
Hang Seng(31/7/64)	8676.17	8732.75	8827.93	12201.09	4/1/94	6967.93	23/1/95
India							
BSE Sens.(1979)	3268.32	3292.34	3317.01	4628.57	12/9/94	3233.31	22/2/95
Indonesia							
Jakarta Comp.(10/8/82)	428.64	428.92	426.08	612.89	5/1/94	422.13	24/3/95
Ireland							
ISEQ Overall(4/1/88)	1850.36	1827.28	1836.84	2082.16	20/1/94	1694.14	1/7/94
Italy							
Banca Comm Ital (1972)	605.96	600.36	604.95	817.17	10/5/94	581.84	13/12/94
MIB General (2/1/95)	957.0	948.0	956.0	1318.00	10/5/94	929.00	23/3/95
Japan							
Nikkei 225 (16/5/49)	16512.22	16460.73	16681.73	21552.81	13/6/94	15749.77	24/3/95
Nikkei 300 (1/10/82)	244.60	243.38	245.35	311.71	13/6/94	228.05	24/3/95
Topix (4/1/68)	1319.45	1313.09	1324.84	1712.73	13/6/94	1229.67	24/3/95
2nd Section (4/1/68)	1704.77	1703.06	1681.45	2542.85	8/7/94	1681.53	24/3/95
Malaysia							
KLSE Comp.(4/4/86)	979.65	987.71	984.75	1314.46	5/1/94	840.87	24/1/95
Mexico							
IPC (Nov 1978)	(u)	1810.90	1832.68	2881.17	8/2/94	1447.52	27/2/95
Netherland							
CBS TtlRtnGen(End 83)	432.1	425.1	424.9	454.90	31/1/94	408.30	21/6/94
CBS All Shr (End 83)	271.0	268.7	268.5	294.80	31/1/94	257.90	21/6/94
New Zealand							
Cap. 40 (1/7/86)	1990.83	1993.17	1991.46	2430.64	3/2/94	1878.09	12/12/94
Norway							
Oslo SE(Ind)(2/1/83)	1055.68	1049.90	1055.25	1211.10	28/2/94	980.91	21/6/94
Philippines							
Manila Comp (2/1/85)	2372.35	2340.58	2288.76	3308.37	4/1/94	2248.38	27/3/95
Portugal							
BTA (1977)	2731.9	2719.5	2722.7	3225.60	18/2/94	2612.80	20/6/94
Singapore							
SES All-S'pore(2/4/75)	504.46	507.40	503.08	641.61	4/1/94	472.90	23/1/95
South Africa							
JSE Gold (28/9/78)	1381.4♥	1373.5	1357.9	2534.00	7/9/94	1357.90	27/3/95
JSE Indl. (28/9/78)	6602.9♥	6586.5	6619.2	6994.40	30/12/94	5448.00	19/1/94
South Korea							
KoreaCompEx(4/1/80)**	926.93	936.44	947.90	1138.75	8/11/94	855.37	2/4/94
Spain							
Madrid SE (30/12/85)	259.53	264.23	265.71	358.31	31/1/94	264.06	23/3/95
Sweden							
AffarsvardsGen (1/2/37)	1471.2	1439.8	1456.8	1663.88	31/1/94	1334.70	6/7/94
Switzerland							
Swiss Bk Ind (31/12/58)	1203.04	1188.82	1191.78	1423.34	31/1/94	1138.72	27/10/94
SBC General (1/4/87)	890.55	880.40	882.38	1093.29	31/1/94	870.58	13/3/95
Taiwan							
WeightedPr.(30/6/66)**	6514.46	(c)	6464.76	7181.13	1/11/94	5194.63	19/3/94
Thailand							
Bangkok SET (30/4/75)	1220.72	1228.70	1211.57	1753.73	4/1/94	1135.69	16/3/95
Turkey							
Istanbul Comp.(Jan 1986)	39496.1	37779.2†	38688.8	39498.10	30/3/95	12980.70	24/3/94
WORLD							
MS Capital Int (1/1/70)$	639.2*	640.6	638.1	649.99	2/11/94	591.60	1/11/94
CROSS-BORDER							
Eurotrack 100(26/10/90)	1268.27	1238.95	1242.45	1548.19	31/1/94	1222.41	13/3/95
Euro Top-100 (26/6/90)	1161.75	1142.77	1143.27	1311.01	2/2/94	1117.34	9/3/95
JCapalDrgns (31/12/88)	(u)	309.49	309.34	365.19	5/1/94	291.46	23/1/95
Barings Emerg.(7/1/92)	(u)	134.19	133.65	191.79	26/8/94	117.15	10/3/95

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
■ CAC-40							
Mar	1860.0	1892.0	+39.0	1900.0	1835.0	47,544	19,380
Apr	1871.5	1903.0	+39.5	1911.0	1846.5	16,170	18,176
■ DAX							
Jun	1940.00	1968.50	+38.5	1987.0	1909.5	33,460	-
Sep	1965.00	1992.00	+38.5	2003.5	1938.0	55	-
■ OMX							
Apr	1114.00	1145.50	+27.00	1148.50	1110.00	11,059	22,824
May	1110.00	1133.00	+27.00	1133.00	1110.00	100	320
■ SOFFEX							
Apr	2507.0	2536.0	+35.0	2537.5	2486.0	8,262	19,008
Jun	-	2503.5	-	-	-	-	10

** Sat Mar 25: Taiwan Weighted Price 6401.39; Korea Comp Ex 855.51. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 30 - 1949.76 +30.91.

US INDICES

Dow Jones	Mar 29	Mar 28	Mar 27	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	4180.80	4151.81	4157.34	4180.80 (29/3/95)	3593.35 (4/4/94)	4180.80 (29/3/95)	41.22 (2/7/32)
Home Bonds	97.97	97.72	98.06	105.61 (21/1/94)	93.56 (30/12/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1625.73	1631.79	1628.06	1862.29 (2/2/94)	1371.88 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	187.25	186.73	188.18	227.88 (3/1/94)	173.94 (22/11/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4213.71 (4178.02) Low 4121.72 (4120.88) (Theoretical♦)
Day's high 4196.50 (4156.85) Low 4139.70 (4137.63) (Actual♦)

Standard and Poors	Mar 29	Mar 28	Mar 27	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	503.12	503.90	503.20	503.90 (28/3/95)	438.92 (4/4/94)	503.90 (28/3/95)	4.40 (1/6/32)
Industrials♥	599.00	599.98	598.91	599.98 (28/3/95)	510.05 (21/4/94)	599.98 (28/3/95)	3.62 (21/6/32)
Financial	46.68	46.71	46.68	46.94 (14/6/94)	39.87 (22/11/94)	48.48 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	271.84	271.92	271.72	271.92 (28/3/95)	243.14 (4/4/94)	271.92 (28/3/95)	4.46 (25/4/42)
Amex Mkt Val	462.35	461.52	461.19	487.89 (2/2/94)	439.23 (13/12/94)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	819.16	826.14	822.83	826.14 (28/3/95)	693.79 (24/6/94)	826.14 (28/3/95)	54.87 (31/10/72)

■ RATIOS

	Mar 24	Mar 17	Mar 10	Year ago
Dow Jones Ind. Div. Yield	2.65	2.69	2.70	2.70
	Mar 22	Mar 15	Mar 8	Year ago
S & P Ind. Div. yield	2.33	2.33	2.36	2.44
S & P Ind. P/E ratio	17.60	17.60	17.32	26.82

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
RJR Nabisco	7,103,200	5⅝	-⅛
Wal-Mart	6,036,800	25½	+⅜
Micron	5,878,000	78½	-6¼
Chrysler	5,065,800	40⅝	+1⅞
Motorola	4,866,800	57	+⅛
Limited	4,675,500	21¼	-⅛
Telefonos	4,378,800	26¼	+⅛
Compaq	4,352,300	34⅛	-⅛
Gen Motors	3,993,100	44⅝	+1½
Ford Motor	3,358,200	26⅝	+¾

■ TRADING ACTIVITY

● Volume (million)	Mar 29	Mar 28	Mar 27
New York SE	380.727	320.397	298.461
Amex	16.365	18.580	15.769
NASDAQ	374.386	316.707	288.854
NYSE			
Issues Traded	2,960	2,940	2,851
Rises	1,087	1,093	1,343
Falls	1,036	1,095	808
Unchanged	837	752	800
New Highs	119	103	117
New Lows	11	22	18

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
■ S&P 500							
Jun	506.40	508.20	+1.75	509.45	506.10	108,945	190,259
Sep	512.60	512.55	+1.80	512.65	512.35	2,381	8,448
■ Nikkei 225							
Jun	16450.0	16550.0	+40.0	16680.0	16410.0	18,538	115,457
Sep	16600.0	16690.0	+90.0	16700.0	16600.0	15	16

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, March 30, 1995

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	5.2m	332	
Tosoh	3.6m	471	+80
Mitsubishi Hvy	3.5m	616	+3
Hitachi	3.2m	880	
Japan Energy	3.1m	349	+21
NEC	3.0m	934	+14
Kawasaki Steel	2.5m	345	+4
Sumitomo Chem	2.3m	483	+23
Sumitomo Bank	2.3m	1850	+10
Bank of Tokyo	2.3m	1460	+10

3:30 pm March 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
14¼	12⅝	AAR	0.48	3.9	20	70	12½	d12¼	12⅜	-¼
23⅛	19¼	ALPharmaA	0.18	0.8	284	300	23	22¾	22¾	
39¼	35	AMP	0.92	2.5	20	4938	36⅞	36½	36½	-½
65⅝	53⅞	AMR			28	5327	65½	64¼	65½	+1
47⅞	41⅞	ASA	1.71	3.6	31	2514	47⅝	46¼	47⅛	+1
38⅞	30¾	AbbotL	0.84	2.3	19	4936	37	36½	36½	-¼
14½	12	AbtBbl Pr	0.50	3.5	12	733	14⅛	13¾	14⅛	+¼
24⅞	22	ABM Ind	0.60	2.7	13	28	22¾	22½	22½	-¼
16⅝	14¼	Acptocaln			8	55	15	14½	14½	-½
25⅞	21⅞	ACE Ltd	0.44	1.7	8	671	25¾	25¼	25¾	+⅛
9¾	8⅛	ACM Gvt In x	0.90	11.1	7	583	8¼	d8⅛	8⅛	-⅛
7½	6½	ACM GvOpp x	0.68	9.8		52	6⅞	6¾	6¾	
7½	5¾	ACM Gvt Sp x	0.75	12.2		205	6¼	6⅛	6⅛	-⅛
8⅝	7⅜	ACM Gvt Se x	0.90	12.0		400	7⅝	7½	7½	
8½	7⅝	ACM Man x	1.08	13.9		195	7⅞	7¾	7¾	
7⅝	7⅛	ACM Managd	0.72	9.9		29	7¼	d7⅛	7¼	
17	10¼	AcmeClv	0.48	3.0	9	275	16⅛	15⅞	15⅞	-⅛
21½	12⅞	Acme Elect			21	305	18¾	18⅞	18⅞	
34½	31⅞	Acordia	0.72	2.2	15	27	32¼	32⅛	32⅛	
11⅞	8⅝	Actava	0.36	3.8	7	72	9⅝	9½	9½	-⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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3:30 pm March 30

NYSE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
Continued from previous page										
40⅛	32⅞	Salomn	0.64	1.9	8	3033	35	34¼	34⅜	-½
21⅝	19¼	SnDgGE	1.56	7.7	17	145	20½	20⅜	20⅜	
10	8	SantaFeERs	0.16	1.7	158	1206	9½	9¼	9⅜	+⅛
12¾	8	SFeGd			26	7325	12¼	11⅞	12⅛	+¼
36¾	33¼	SFePPipe	2.80	7.7	9	38	36⅝	36½	36½	-⅛
23⅛	17⅞	SpnFeP	0.10	0.4	22	2367	u23¼	22⅝	23¼	+¼
27¾	24¼	SaraLee	0.68	2.6	64	5350	27⅛	26⅝	26⅝	-½
45⅛	41⅛	Scana Corp	2.88	6.9	13	199	42	41¾	42	+¼
16¾	14½	Scecp	1.00	6.4	10	6016	15⅞	15⅝	15⅝	-¼
11¼	8⅛	SchwkA	0.26	3.2	29	23	8⅜	8¼	8¼	
48¾	42⅜	SchererRP			29	656	47¾	46⅞	47⅛	
78⅝	71	SchrPl	2.04	2.7	15	4484	76⅛	75½	75¾	-1⅛
58½	50⅛	Schlmb	1.20	2.0	26	4629	u58⅝	58⅜	58⅛	+⅛
32⅝	22⅛	Schwab(C)	0.24	0.8	19	764	31	30⅝	30¾	-⅛
10⅞	7⅜	Schwitzer			8	6	10¼	10¼	10¼	
24⅞	17½	SciAtl	0.06	0.3	29	3716	23⅞	22⅞	23	-⅛
18⅝	16⅞	Scotman	0.10	0.5	12	42	u18⅝	18⅛	18⅝	+⅝
89⅞	67⅛	ScottP	0.80	0.9	24	4440	u91⅛	87⅝	87⅞	-1⅞
32¾	26⅞	Scripps	0.44	1.4	19	141	31	30¾	31	
21½	14⅜	ScudderNAsF	0.02	0.1		104	16	15¾	16	+¼
9¼	8⅝	ScudderNEuF	0.16	1.8		596	9	8⅞	8⅞	
14⅞	13⅞	SeaCaB	0.70	5.0	9	6	14¼	14	14	
16	14⅝	SeaC1 4625	1.46	9.7		27	15¼	14⅞	15⅛	
28⅝	23⅝	S'gate			8	3928	28⅛	27⅜	27⅞	-⅛
32¼	28⅜	Seagrm	0.60	1.9	14	2294	32⅛	31⅞	32⅛	+⅛
19¾	15¼	Seagull En			213	3687	19¼	18⅝	19¼	+¼
[illegible]										

- X - Y - Z -

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
24½	19⅜	Wyle Labor	0.28	1.2	21	1057	23¾	23	23¾	+¾
22¼	19½	Wynns Int	0.52	2.4	10	79	21⅞	21⅝	21⅞	+¼
120½	96½	Xerox	3.00	2.6	17	2525	119⅛	117⅞	117⅞	-1⅛
52½	44⅛	Xtra Corp	0.64	1.3	13	51	49⅝	49¼	49⅜	-⅛
22⅜	20	Yankee Egy	1.22	6.0	11	25	20½	20⅜	20⅜	
39	34⅛	York Int	0.16	0.4	16	1102	u39¼	38¼	39¼	+1⅛
4⅛	3¼	Zapata	0.14	4.1	10	827	3½	3⅜	3⅜	
12⅛	7½	ZnthEl			23	570	8	7⅞	7⅞	
22¾	19⅜	Zenith Nat	1.00	5.0	10	28	20¼	20	20⅛	-⅛
6⅝	6⅛	Zenix Inc.x	0.76	11.4		38	u6⅝	6½	6⅝	
14⅝	12⅜	Zero	0.44	3.2	15	87	13⅞	13⅞	13⅞	-⅛
19½	16⅞	Zurn Ind	0.88	4.9	69	69	18½	18⅛	18⅛	-¼
11¼	10⅜	Zweig Fund	1.04	9.7		192	10⅞	10¾	10¾	
8¾	7⅞	Zweig Tot	0.84	9.7		239	8⅝	8½	8⅝	

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:15 pm March 30

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
CircPh	0.04	30	15789	u26	23	23⅞	+2⅞
Cohl FdA	0.01		694	4¾	4⅝	4¾	+⅛
Gulf Cda	0.34	4	113	4	3 15/16	4	
NumacE		27	z100	5½	5½	5½	+⅛
Xytronix		1	207	1⅛	1⅛	1⅛	

NASDAQ NATIONAL MARKET

3:15 pm March 30

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

AMERICA

Dow rises as bonds and $ fluctuate

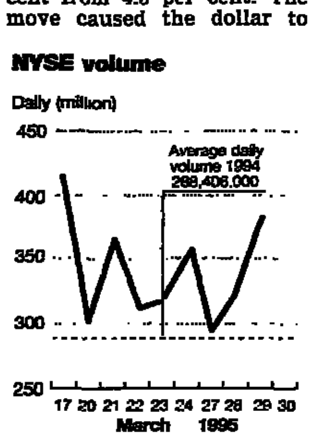
Wall Street

US shares traded within a narrow band on the heels of fluctuating bond prices and a sharply stronger dollar, *writes Lisa Bransten in New York.*

By noon the Dow Jones Industrial Average was 11.41 higher at 4,172.21, while the Standard & Poor's 500 was off 0.30 at 502.82. The American Stock Exchange composite rose 1.06 to 463.41 but the the Nasdaq composite was off 5.66 at 813.50. NYSE volume was 170m shares.

The session opened on a strong note as bonds rose in reaction to the Bundesbank's decision to decrease the discount rate in Germany to 4 per cent from 4.5 per cent. The move caused the dollar to strengthen substantially against the D-Mark and the Japanese yen, which in turn led Treasury prices higher.

NYSE volume



Later in the morning, however, bond prices turned negative after data from the Labor Department showed a larger than expected decrease in the number of new claims filed for unemployment benefits. Although the dollar remained stronger against the Japanese and German currencies, it fell off its earlier highs.

Technology shares continued their recent slide as the Nasdaq, which is heavily weighted towards those issues, underperformed the broader indices, and the Pacific Stock Exchange technology index slipped more than 1.6 per cent.

Microsoft and Intel, the two largest companies in the Nasdaq composite, each lost ground. Microsoft slipped $1¾ to $70¼ and Intel lost $2 at $85.

Among high-tech issues on the NYSE, IBM, which is also the only pure technology company in the Dow, shed $⅝ to $82⅝; and Micron Technology continued its recent slide, dropping $4¼ to $74⅝.

Automobile makers added to recent gains. Chrysler, which had fallen from more than $51 in January to $38⅝ earlier this month, advanced $1¾ to $42½. Ford was $⅝ higher at $27½ and General Motors climbed $⅞ to $45⅞.

WellPoint Health Networks moved ahead $2⅞ to $36¾ after reports that Blue Shield of California had offered $48 in cash and stock to buy the healthcare services company. On Monday the company added $2⅝ after it said that it had been approached by potential buyers offering as much as $45 a share.

James River added nearly 10 per cent to its value after the company reported late on Wednesday that it planned to concentrate on consumer products and spin off its other businesses. Shares in the company were $2¼ higher at $25⅝.

Sunbeam-Oster, the consumer products company, declined $1⅞ to $22⅞ after officials said that they expected first-quarter earnings to be nearer to 36 cents a share than analysts' expectations of 39 cents per share.

Canada

Toronto overcame early weakness and in late morning trade the TSE-300 index was edging ahead, up 4.70 at 4,303.70, with analysts pointing to Canada's fiscal uncertainties as an explanation for the market's reluctance to ally itself too closely to Wall Street.

Precious metals gained 1.5 per cent after a sudden leap in gold futures on Comex. Barrick Gold rose by C$⅜ to C$33⅜ and Pegasus Gold was C$⅛ ahead at C$16⅜.

On the opposite tack, the transportation sector fell 1.8 per cent, reflecting weakness in Air Canada after a C$500m debt and equity issue announced late on Wednesday. The shares fell C$1 to C$6½.

Brazil improves 1.4%

Brazilian equities were encouraged by the government's decision to lift import tariffs on a range of durable consumer goods, and showed a rise of 1.4 per cent by midsession, with the Bovespa index in São Paulo 436 ahead at 32,418.

The government said that it would raise the import tariffs on 100 durable goods to 70 per cent, while those on cars would be lifted to 32 per cent. The decision was taken in an effort to offset the country's trade deficit.

MEXICAN stocks gained 0.8 per cent in active early trading as hopes resurfaced for a peaceful settlement to the conflict in the southern state of Chiapas. The IPC index was up 14.67 at 1,825.57. Guerrillas in Chiapas said on Wednesday that they were prepared to meet government officials for peace talks. **ARGENTINE** equities continued to strengthen, adding 6.90 or 1.9 per cent at 377.03 by midday.

Gold stocks up in S Africa

South African shares finished slightly higher in a session characterised by an absence of specific corporate or economic news. Gold stocks improved in late trade as the price of bullion strengthened.

The industrials sector struggled for direction amid minimal investor interest. The overall index put on 5.8 points at 5,217.3, industrials added 13.1 at 6,620.1 and the golds index gained 7.4 at 1,385.7.

Among individual features, Anglos moved ahead R2 to R193 and Gold Fields 50 cents to R93, while Gencor went against the trend, shedding 15 cents to R11.60. Elsewhere, Western Areas firmed 50 cents to R41.50, Loraine lost 25 cents at R9.75 and Freegold crept up 25 cents to R43.25.

EUROPE

Buba cut makes case for rate-sensitive stocks

The Bundesbank, once again, managed to do the unexpected yesterday, reducing the discount rate as well as the repo rate, *writes Our Markets Staff.* A euphoric initial reaction in German equities was curbed later as bunds and bund futures erased earlier 50-basis point gains.

Mr Mike Young, director of European investment strategy at Merrill Lynch in London, said currency appreciation since the beginning of this year had produced an effective tightening in the German economy which would be offset only partly by yesterday's rate cuts. The most dramatic effect of the Buba move in European equity markets, he maintained, was likely to be on interest rate-sensitive stocks outside Germany, but inside the D-Mark block and in France.

PARIS celebrated the German cut, the CAC-40 index soaring from stasis to close 40.58 or 2.2 per cent better at 1,893.00 after a high of 1,899. Turnover reflected the positive mood at FFr5.6bn.

Financials caught most of the benefit and the sub-index rose by 2.6 per cent, with Soc Gen up FFr30 or 5.5 per cent at FFr572 and Bancaire by FFr16 at FFr550. Paribas closed 6.7 per cent stronger at FFr297, up FFr18. Among insurers, UAP gained 7.6 per cent at FFr128.50, up FFr9.10, and Axa, which reported a rise of 11 per cent in its 1994 group net profits, put on FFr4.90 at FFr257.60.

FT-SE Actuaries Share Indices

Mar 30								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1237.78	1237.59	1237.70	1237.30	1250.63	1269.49	1267.96	1268.27
FT-SE Eurotrack 200	1350.51	1350.17	1351.84	1350.49	1365.10	1376.45	1377.03	1376.38

	Mar 29	Mar 28	Mar 27	Mar 24	Mar 23
FT-SE Eurotrack 100	1236.95	1242.45	1254.68	1241.50	1228.24
FT-SE Eurotrack 200	1349.07	1353.50	1363.70	1355.45	1345.44

Base 1000 (26/10/90): High/day: 100 - 1271.30; 200 - 1381.79 Low/day: 100 - 1236.70 200 - 1348.94 † Partial

Peugeot was also among the day's leaders, rising FFr32 or 5 per cent to FFr675, in contrast to Renault, down FFr1.20 at FFr164 in a continued, negative reaction to disappointing results earlier in the week.

Saint-Gobain rose FFr19 to FFr615 as it announced that it would lift its 1994 dividend payment by 7 per cent.

FRANKFURT moved from a Dax indexsession close of 1,918.46, through a high of 1,966.84 to a post-bourse close of 1,949.76, up 30.91 or 1.6 per cent on the day.

Turnover eased from DM7.6bn to DM7.1bn. The official session saw strength in chemicals but weakness in banks, retailers and utilities, many of which had attracted switching recently from the currency threatened cyclicals.

There were similarities after hours, although *Deutsche* Bank recovered from recent weakness to finish DM11.10 better at DM657.10. Carmakers, and some engineers and steels, joined chemicals on the upgrade, with Daimler DM14.70 higher at DM632.20 and Mannesmann recovering DM7.90 to DM367.80.

Siemens, no follower of fashion, rose DM15.10 to DM654. Merrill's Mr Young said this was part of a general rotation into late cycle stocks.

ZURICH moved ahead after Swiss National Bank followed the Bundesbank, lowering its own discount rate by ½ percentage point. The SMI index climbed 38.1 to 2,533.1.

SBC bearers led banks higher, rising SFr10 to SFr378 after buying during the morning by a smaller Swiss bank.

Against the trend, Swissair finished SFr45 down at SFr605, but off a low of SFr570, after the company said it was omitting the dividend on lower than expected 1994 results.

Interdiscount, the consumer electronics and photographic retailer, dropped SFr190 or 12.9 per cent to SFr1,280 after it passed the dividend on sharply lower 1994 profits.

AMSTERDAM followed the Buba's lead, the Dutch central bank trimming its secured loans rate by 50 basis points to 4.00 per cent and the AEX index responding with a rise of 6.87 to 399.94, off a session's high of 400.21.

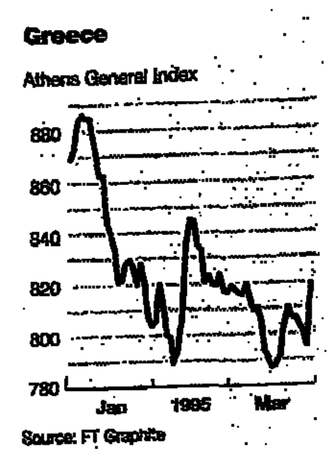
Financials were firmer on the news, with ABN-Amro 80 cents ahead at Fl 57.60 and ING, which also announced a 13 per cent increase in 1994 profits, Fl 1.60 higher at Fl 77.60.

Internatio-Mueller featured, the trading and transport group rising Fl 4 to Fl 97 on a 1994 net profits gain of 51.5 per cent, which exceeded analysts' expectations.

MILAN was cheered by a firmer lira after the Bundesbank's move and the Comit index rose 5.58 to 605.96.

Telecom Italia closed L124 higher at L4,066 after a Rome court rejected Omnitel-Pronto Italia's attempt to block the launch of TI's GSM mobile telephone system tomorrow. Olivetti, leader of the Omnitel consortium, fell L40 to L1,648.

Greece



Source: FT Graphite

Ferruzzi gained L24 at L1,010 after saying that it was willing to launch a public buy offer for Gaic, which rose L58 to L501.

Banks had a better day, in spite of their recent poor results, Mediobanca reporting lower first-half gross profits and rising L188 to L12,113.

BRUSSELS gained 1.5 per cent in response to local discount and central rate cuts. The Bel-20 index finished 18.77 higher at 1,311.26.

Barco, the electronics group, profited from a firmer dollar and strong 1994 earnings published late on Wednesday, finishing BFr110 or 5.1 per cent to the good at BFr2,310.

ATHENS took off on Wednesday's EU clearance of a new airport project for the city, the general share index rising 23.96 or 3 per cent to 819.31 in turnover of Dr4.37bn.

Construction shares rocketed to the daily volatility limit of 8 per cent.

Analysts said that EU approval of the airport project suggested that other Greek infrastructure projects could be cleared as well.

MADRID put on 2 per cent, the general index closing 5.30 higher at 269.53. Its interest-rate sensitives, the electrical utilities Endesa, Iberdrola and Sevillana, all scored gains of more than 3 per cent.

STOCKHOLM was led higher by cyclical and rate-sensitive stocks, Volvo putting on SKr8.50 at SKr130 and Skandia SKr7 at SKr117 as the Affärsvärlden index finished 31.40 or 2.2 per cent ahead at 1,471.20.

ISTANBUL stood on the accelerator, the composite index rising 1,716.85 or 4.5 per cent to yet another all-time high of 39,496.14. Turnover also soared to a new peak of TL12,462bn from Wednesday's TL8,250bn.

Written and edited by William Cochrane, Michael Morgan and John Pitt

ASIA PACIFIC

Nikkei ahead as Manila extends rally into third day

Tokyo

The Nikkei 225 average rose marginally in low volume on buying by corporate investors and arbitrageurs, *writes Emiko Terazono in Tokyo.*

The index closed 51.49 higher at 16,512.22 after fluctuating between 16,327.09 and 16,607.89. Banks and corporate investors were among the buyers, but late afternoon arbitrage unwinding eroded some of the gains.

The Topix index of all first section stocks rose 6.36 to 1,319.45, while the Nikkei 300 added 1.24 at 244.60. Advances led declines by 548 to 447, with 146 issues unchanged. In London the ISE/Nikkei 50 index climbed 16.75 to 1,111.41.

Volume was 203m shares, against 234m. Most investors were inactive ahead of today's fiscal year-end, and the closure of investment books. Meanwhile, the rise in the yen against the dollar weighed on confidence.

The Tokyo SE said life and non-life insurers, banks and investment trust funds were net sellers last week when the Nikkei 225 fell to a two-year low. Contrary to expectations corporate investors posted the first net buying in 39 weeks. Brokers, individuals and foreigners were also net buyers.

Tosoh, a chemical company, jumped Y80 to Y471 on reports of a new Aids drug co-developed with a research institute and universities. The rise prompted a rally in other drug and chemical makers: Sankyo firmed Y20 to Y2,050 and Takeda Chemical Y10 to Y1,110.

Nippon Telegraph and Telephone was unchanged at Y760,000, having risen 8.4 per cent over the past week as brokerage analysts released reports on the favourable effects of a split in the company's operations. Profit-taking depressed the stock in early trading yesterday, before it later recouped the loss on bargain hunting.

Mitsubishi Bank and Bank of Tokyo, which announced a merger on Tuesday, continued to improve, gaining respectively Y20 at Y2,070 and Y10 at Y1,460. Other banks were also higher, with Industrial Bank of Japan up Y60 to Y2,310 and Dai-Ichi Kangyo Bank putting on Y10 at Y1,730.

Heavy electricals gained ground on bargain hunting: Toshiba rose Y4 to Y589 and NEC Y14 to Y934. However, Sony declined Y50 to Y4,320 and Pioneer Electronic fell Y70 to Y1,790.

In Osaka, the OSE average moved up 77.95 to 18,247.05 in volume of 297.7m shares.

Roundup

A mixed tone was seen throughout the region with individual developments driving markets.

MANILA advanced for the third consecutive session, strong buying by foreign and institutional investors pushing the composite index ahead 31.77 or 1.4 per cent to 2,372.35 in moderate activity, volume amounting to 1.544bn shares.

ABS-CBN Broadcasting soared 9.9 per cent in late trading, closing 6.50 pesos higher at 72 pesos following the declaration of a 100 per cent stock dividend and a 50 centavos cash dividend.

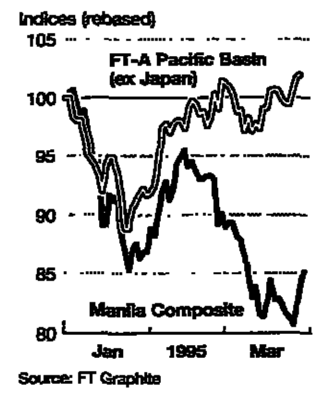
TAIPEI rose on news that mutual funds would be allowed for the first time to buy stocks in their competitors. The weighted index put on 49.70 or 0.8 per cent to end at the day's peak of 6,514.46 in active turnover of T$60bn.

Shares in mutual funds advanced, with Core Pacific gaining 30 cents at T$9.80.

The market moved forward in early trade as electronics and plastics continued their strong trend on high profits expectations, rising 3.3 per cent and 2.8 per cent respectively, with both sectors the focus of mutual fund buying.

KARACHI finished higher as individual traders squared their short positions but, said dealers, there was little genuine buying.

The KSE 100-share index gained 11.82 at 1,655.26. Dealers also noted speculative buying in PTC and Pakistan Synthetic, which appreciated Rs0.60 to Rs31 and Rs1.40 to Rs44.46.



Source: FT Graphite

SEOUL declined for the fourth trading day in a row in thin turnover, the composite index losing 9.51 at 926.93 after touching a high of 941.68.

Samsung Electronics spearheaded falls in blue chips, going limit down as it shed Won3,000 to Won115,200: investors here were wary ahead of the expected listing of new Samsung shares next month, following a recent rights issue. Steelmaker Posco slipped Won1,600 to Won64,700.

SINGAPORE ended weaker on profit-taking. Brokers said charts pointed to resistance near the 2,150 level for the Straits Times Industrial index, which closed 20.58 lower at 2,101.83.

Keppel dipped 10 cents to S$11.40, with investors continuing to sell on worries that the company's Philippine interests could be threatened by a deterioration of Philippine-Singapore relations following the execution of a Philippine maid earlier this month.

KUALA LUMPUR saw investors book profits after two days of solid gains in anticipation of Wednesday's positive 1994 Bank Negara annual report. The composite index ended 8.06 points off at 979.65, having gained 3.7 per cent in the previous two sessions.

Resorts World, the casino group, fell 60 cents to M$13.50 after reporting disappointing 1994 results. Genting, its parent company, receded 10 cents to M$22.70.

HONG KONG was moderately lower in light trade. Government land auction results mostly exceeded expectations but failed to stimulate the market, the Hang Seng index easing 56.58 to 8,676.17 in turnover of HK$3.3bn, little changed from Wednesday. Henderson Land relinquished 50 cents at HK$44.10 and SHK Properties declined 75 cents to HK$53.50.

HSBC was up 50 cents to HK$88 and Hong Kong Telecom eased 5 cents to HK$15.25 ahead of today's launch of futures contracts on the two issues.

SYDNEY *was softer on the* closing out of options and futures contracts. The All Ordinaries index fell 8.4 to 1,884.6, better than expected balance of payments data for February having a neutral impact.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 29 1995								TUESDAY MARCH 28 1995					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	158.93	-0.7	146.09	88.52	113.80	146.00	-0.4	4.07	160.03	148.21	90.32	116.45	146.62	180.82	157.95	167.55
Austria (16)	185.63	1.3	170.63	103.39	132.92	132.86	-0.4	1.22	183.32	169.78	103.47	133.40	133.35	198.89	167.46	184.71
Belgium (35)	179.65	1.5	165.13	100.06	128.64	125.70	-0.1	4.21	177.07	164.00	99.94	128.85	125.81	180.87	161.53	168.09
Brazil (28)	117.84	-1.7	108.32	65.64	84.38	196.42	-2.1	1.62	119.86	111.03	67.66	87.24	200.70	-	-	-
Canada (105)	133.79	-0.2	122.98	74.52	95.80	135.99	-0.1	2.57	134.01	124.12	75.64	97.52	136.18	140.25	120.54	133.36
Denmark (33)	253.23	-1.0	232.77	141.04	181.32	189.75	-2.2	1.65	255.84	236.95	144.40	186.17	193.97	275.27	238.61	265.09
Finland (24)	171.13	-1.2	157.30	95.32	122.54	155.97	-2.2	1.53	173.18	160.40	97.75	126.02	159.52	201.41	133.88	143.60
France (101)	177.91	2.1	163.53	99.09	127.39	135.88	0.6	3.16	174.29	161.42	98.37	126.82	135.05	180.93	157.79	172.96
Germany (58)	145.56	1.9	133.82	81.09	104.24	104.24	0.3	2.14	142.85	132.30	80.62	103.95	103.95	154.61	132.08	139.47
Hong Kong (56)	352.34	-0.8	323.88	196.25	252.30	348.80	-0.8	3.78	355.15	328.94	200.46	258.45	352.58	416.42	277.40	382.67
Ireland (16)	*211.14*	*0.0*	*194.08*	*117.60*	*151.19*	*184.21*	*-0.9*	*3.65*	*211.20*	*195.61*	*119.20*	*153.69*	*185.25*	*217.10*	*177.56*	*167.14*
Italy (58)	68.90	-0.8	63.33	38.38	49.34	87.54	-0.9	1.78	69.48	64.35	39.22	50.56	88.34	97.78	65.45	80.19
Japan (484)	150.01	0.3	137.89	83.55	107.41	83.55	-1.0	0.91	149.48	138.44	84.37	108.78	84.37	170.10	136.95	153.97
Malaysia (97)	493.39	3.1	453.53	274.81	353.29	481.47	3.0	1.64	478.41	443.10	270.03	348.14	467.54	594.76	398.16	452.69
Mexico (18)	833.68	-2.1	766.32	464.35	596.95	6202.79	-1.1	1.75	851.80	788.91	480.76	619.84	6272.36	2414.12	647.61	2087.39
Netherland (19)	234.48	1.8	215.54	130.61	167.90	165.08	0.1	3.79	230.42	213.41	130.05	167.68	164.95	234.48	191.28	196.70
New Zealand (14)	74.86	0.1	68.81	41.70	53.60	61.30	0.0	4.61	74.75	69.24	42.19	54.40	61.28	77.20	62.05	64.22
Norway (23)	207.93	0.4	191.12	115.81	148.88	174.26	-0.7	2.27	207.17	191.87	116.93	150.75	175.56	216.03	177.53	195.39
Singapore (44)	361.31	1.0	332.12	201.25	258.72	235.68	0.7	1.82	357.73	331.32	201.91	260.32	234.09	401.38	297.62	306.35
South Africa (59)	333.68	0.3	306.72	185.86	238.93	261.71	0.0	2.60	332.56	308.01	187.70	242.00	261.59	342.00	205.55	242.88
Spain (38)	125.91	0.2	115.74	70.13	90.16	121.84	-0.6	4.53	125.60	116.33	70.89	91.40	122.55	150.21	124.10	142.06
Sweden (48)	232.23	-1.2	213.47	129.35	166.29	251.61	-1.2	2.26	235.03	217.68	132.66	171.03	254.63	247.40	196.70	205.50
Switzerland (47)	180.91	1.4	166.29	100.76	129.54	127.36	-0.3	1.95	178.49	165.31	100.74	129.88	127.75	180.91	149.91	162.57
Thailand (46)	143.08	1.6	131.52	79.69	102.45	137.08	1.5	3.06	140.78	130.39	79.46	102.45	135.07	-	-	-
United Kingdom (203)	205.27	1.2	188.68	114.33	146.98	188.68	0.4	4.35	202.87	187.89	114.50	147.63	187.89	205.58	181.11	191.65
USA (511)	205.56	-0.1	188.95	114.49	147.19	205.56	-0.1	2.76	205.79	190.59	116.15	149.75	205.79	205.79	178.95	184.35
Americas (880)	188.09	-0.1	172.89	104.76	134.68	158.03	-0.1	2.73	188.36	174.45	106.31	137.07	158.25	-	-	-
Europe (719)	176.17	1.2	161.94	98.13	126.15	146.73	0.1	3.32	174.12	161.27	98.28	126.70	146.61	179.17	160.59	167.05
Nordic (128)	222.22	-1.0	204.27	123.77	159.12	196.42	-1.5	2.03	224.51	207.93	126.72	163.37	201.43	235.72	197.70	202.96
Pacific Basin (809)	158.26	0.3	145.48	88.15	113.33	93.82	-0.8	1.27	157.71	146.07	89.02	114.77	94.54	176.86	145.93	162.38
Euro-Pacific (1528)	*165.63*	*0.7*	*152.25*	*92.25*	*118.60*	*114.08*	*-0.4*	*2.18*	*164.45*	*152.31*	*92.82*	*119.67*	*114.53*	*175.14*	*154.73*	*164.17*
North America (614)	201.11	-0.1	184.86	112.02	144.00	200.82	-0.1	2.75	201.34	186.48	113.64	146.51	201.05	201.34	175.67	181.18
Europe Ex. UK (516)	156.89	1.2	144.21	87.38	112.34	123.64	-0.1	2.72	155.06	143.62	87.52	112.84	123.78	158.19	144.12	150.06
Pacific Ex. Japan (325)	239.58	0.3	220.23	133.45	171.56	212.44	0.3	3.22	238.78	221.16	134.77	173.76	211.74	273.13	211.19	244.97
World Ex. US (1736)	165.99	0.7	152.58	92.45	118.85	117.34	-0.4	2.19	164.91	152.73	93.07	120.00	117.80	176.65	155.42	165.30
World Ex. UK (2044)	175.21	0.3	161.05	97.59	125.46	138.70	-0.4	2.19	174.71	161.81	98.61	127.13	139.21	178.59	163.46	168.59
World Ex. Japan (1763)	194.36	0.4	178.66	108.27	139.19	180.50	0.0	2.96	193.65	179.35	109.30	140.91	180.54	194.36	175.34	181.45
The World Index (2247)	177.84	0.4	163.47	99.06	127.34	143.08	-0.3	2.40	177.18	164.10	100.00	128.93	143.49	180.80	165.92	170.63

Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Tying-in the interests of workers and managers with greater employee share ownership

More acquire taste for fruits of industry

There seems to be a new buzz-word doing the rounds in executive remuneration. It is not a new word, or a particularly new concept in the way that it is being applied. But the growth patterns of the world economy have convinced at least one academic that its time has come. The word is ownership.

It has been popping up in several quarters. Vicky Wright, managing director of Hay UK, the pay consultants, alluded to it the other day when she was outlining the background to what may soon be remembered as the rise and fall of the executive share option.

Wright argues that British companies must start to follow the example set by some of their US counterparts and develop the concept of ownership in share option schemes. Certainly there seems little historical justification for the continuation of the executive share option in the way that it has been granted over the last 10 years.

Increasing company share ownership among executives was one of the notions behind creating in the 1984 Finance Act, an income tax exemption on the profits made from their exercise. At that time when top marginal income tax rates were 60 per cent, companies were given the opportunity to grant executive share options up to four times annual salary, the profits from which would be taxed as a capital gain, then 30 per cent.

It was these tax advantages that sent boardrooms scurrying into options, immediately awarding the maximum amounts available in many cases. Given the uncertainty of the 1987 general election outcome and the possibility of a change of government that would remove the tax concession, companies treated the new arrangement as if it were a one-off opportunity for tax-efficient bonuses.

The inspiration for the widespread move into share options, therefore, was short-term gain. Companies were making hay while the sun was shining. Today the income tax exemption remains but the rate of capital gains tax and that of the top marginal rate of income tax is the same – 40 per cent. The only advantage on exercise is in the time the tax becomes payable and the tax-free exemption on the first £5,800 (rising to £6,000 in April) of an annual capital gain.

The way that share options were awarded created an immediate problem when the options became exercisable. New options could only be awarded if old options were exercised, so the trend was to exercise and take new issues in their place.

"It was almost a virility symbol to have share options. If you didn't have them you were an incomplete executive," says Wright.

Options have not always been the marvellous perk that is often portrayed, particularly for executives whose arrival at a company was timed badly with the award of options. Those who were awarded options immediately prior to the October 1987 stock market crash, for example, needed to hang on to them for some time before their value was restored sufficiently to make their exercise worthwhile. Because these people had been granted the maximum allowed, they could not get any more after the crash. In such cases it was not uncommon for executives to view share options as a waste of time, says Wright.

This observation has led Wright to suggest that companies would be far better advised to award options in smaller parcels using the "little and often" principle.

Executive share options are viewed somewhat differently in the US. One strand of opinion holds that share options encourage risk and goes so far as to suggest that they were partly responsible for the rise in mergers and acquisitions in the 1980s. They are, as Wright observes, a one-way bet. If the price goes up, you win. If it goes down, you have lost nothing. There is a danger in these circumstances that they may encourage the wrong behaviour, she says.

In a series of interviews with executives, Hay discovered that two views prevailed: that share options were part of the overall executive reward package, and that the executives themselves believed they had no personal influence on share price. "Some called it a free ticket to a lottery," says Wright.

Wright believes the answer is in ensuring that a share interest is held over a longer term where executive influence may well become apparent. She also says that companies which clearly communicate the idea that the share option is part of an incentive tend to plant the concept far more effectively.

The share option debate is moving from the 1980s view that they were perks or incentives to a 1990s debate about promoting ownership. Are directors today prepared to take the risk of actually owning shares in their companies?

In some companies, particularly in the US, a certain shareholding is expected. It may even be a requirement. At General Electric, for example, Jack Welch, the chairman, is required to hold a high multiple of shares in relation to his pay and many of his share options cannot be exercised until he retires.

The theory behind this reward system, says Wright, is that the shareholders are saying "If we as a company are prepared to make you seriously rich as an executive, we want to make sure that you are going to make us seriously rich too".

The key, therefore, to future executive share option schemes may be to tie-in some ownership and to distribute options in smaller parcels.

The debate in some circles is broadening much further than spreading ownership among executives, but rather among all employees. In a forthcoming book Jeffrey Gates, a US consultant and lawyer, is outlining what seems a powerful economic argument for greater employee share ownership.

Gates' ideas, which may prove more seductive to former socialists than capitalists, are based upon the belief that there is an urgent need to stem the fast growing gap between the haves and have nots. If allowed to continue unabated, he says, it threatens to destabilise many economies.

Essentially, Gates is talking about spreading the concept of capitalism throughout workforces, creating worker-capitalists who collectively own their own companies. It may not be a pipe dream. He points to the growth in employee shareholdings already apparent in the US. If US employee stock ownership growth continues at its present rate, says Gates, by the year 2000 more than a quarter of publicly-traded companies will be more than 15 per cent owned by their employees.

He makes some cogent points. More US workers are connected to their companies via share ownership than by membership in trade unions. He points to the popularity of employee ownership in the former Soviet Union, the Czech Republic, Jamaica, North Africa, Egypt, Pakistan and China. In one example, Gates demonstrates how unions have embraced the ownership concept to their advantage. During the early 1980s, the United Steelworkers, one of the oldest and most militant unions in the US, began exploring new bargaining strategies for its ageing members. Realising that lower cost competition would force them to work for lower wages, the Steelworkers began bargaining for shares in the companies where they worked and gained large stakes, even control in some cases.

With its new closer relationship, the union was transformed into a far more co-operative and moderate organisation.

Gates' research, which deserves closer examination, goes on to outline strategies for increasing employee ownership. Given the propensity for the largest shareholding institutions – the pension funds, which themselves control funds for the benefit of employees – to treat their investments as speculative ventures often made for short-term gains, some stronger, more stable ownership among the true stakeholders, the employees, would seem to have considerable attractions.

Richard Donkin

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- Work in a team of structured finance specialists, assisting in a focused business concentrating on core clients in the UK and on the Continent. Report to Head of Structured Finance.
- Develop "off the shelf" or individually tailored tax-effective structures using financial engineering techniques and present these to senior client management.
- Act as a product specialist handling all aspects of transaction management and due diligence on mandates and ensuring smooth delivery of pricing and structuring of new proposals.

THE QUALIFICATIONS

- High calibre graduate, likely with an ACA or European equivalent qualification. Minimum of two years' experience in structured finance, financial engineering or the tax team of a corporate. Languages are an advantage.
- Sound analytical and transaction management skills with proven experience of tax environments and financial systems in one or more continental European jurisdictions.
- Stature and presence to engender credibility with senior management, internally and with clients. Creative, collegiate and determined to succeed.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. FT1130561,
16 Connaught Place,
London W2 2ED

Asset Securitisation

Major US Rating Agency

Six Figure Package — **City**

Exciting opportunity for asset securitisation professional to join expanding London team.

THE COMPANY

- Premier, full service rating agency, internationally recognised by investors, regulators and issuers.
- Strong and growing market share worldwide.
- London based unit providing Pan-European ratings.

THE POSITION

- Provide objective and rigorous analysis of asset securitisation issues across Europe.
- Key role in building London asset securitisation team. Raise profile of company.
- Establish close working relationships with investors, arrangers, issuers and lawyers. Market to European bankers.

QUALIFICATIONS

- Minimum of 3 years' experience in Asset Securitisation gained with issuer, arranger, investor or professional advisor.
- Graduate, with excellent academic record. European languages and additional business experience an advantage.
- Aggressive self-starter, proactive team player. Enthusiastic, with excellent interpersonal skills.

Please send full cv, stating salary, ref CP1395, to NBS, 10 Arthur Street, London EC4R 9AY

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International Portfolio Management

Investment Adviser

Excellent Expatriate Package — Eastern Province of Saudi Arabia

The company is a leading Saudi Arabian merchant family business with a diverse range of international investments. An experienced, pro-active Financial Adviser with considerable business acumen and personal drive is now sought to identify, analyse and recommend new additions to the investment portfolio.

THE POSITION

- Report to the Chief Executive Officer; part of a team based in Saudi Arabia and the US.
- Analyse and discuss investment proposals with banks, investment houses and the investment advisers in the US.
- Co-ordinate with lawyers and accountants overseas with regard to compliance, legal, tax and accounting issues.
- Review and report on the financial performance of domestic manufacturing operations.

THE REQUIREMENT

- Graduate calibre, with an accountancy or other business qualification.
- Probably in the age range 45-55.
- Significant experience in evaluating and monitoring investments in the \$5M-\$25M range.
- Strong team player.
- Able to relate and adapt culturally to the Saudi Arabian business environment.

If you wish to apply for this position, please send your CV with current salary details to: Geoffrey Mather, K/F Associates, 252 Regent Street, London, W1R 6HL, quoting ref: 90859/A.

K/F ASSOCIATES
Selection & Search
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TRAINERS IN BANKING AND FINANCE

The Crown Agents have established a strong reputation in the field of financial training both in the UK and overseas. In order to accommodate the growth in our business we are seeking to extend our database of experienced trainers for both short and long term assignments. Most of our projects are aid funded and we are particularly interested in trainers who have worked in East and Central Europe and in the FSU countries.

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Treasury Management
Strategic Planning and Marketing
Institution Building
Accounting Management and Audit
Banking Regulation and Supervision
Commercialisation of Public Enterprises
Public Sector Financial Management
Securities and Capital Markets
Credit and Risk Management
Retail Banking
Project, SME and Trade Finance
IT in Financial Institutions
Debt Management
Economic Crime
Clearing Systems and Payments

Candidates with training experience in one or more of the areas listed above are invited to send a detailed curriculum vitae and a covering letter specifying their areas of expertise to Ms Inge Gebhardt. Closing date will be 18 April 1995.

Crown Agents
St. Nicholas House,
St. Nicholas Road,
Sutton, Surrey SM1 1EL.

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TRANSWORLD ASSET MANAGEMENT

Based in Tel Aviv, Israel, this new asset management company seeks applications from dealers with experience in any of the following:- foreign exchange, financial and commoditu futures, equity and bond markets. The company will offer a generous remunerative package to successful candidates who should have a minimum of 3 years dealing experience in the international markets. Interested applicants should send their c.v.'s along with a covering letteer to the following address:- Transworld Asset Management, P.O. Box 23865, Tel Aviv, ISRAEL.

Further information relating to the above vacancies can be obtained by telephoning the Chief Dealer on:- 010-972-3525-5665.

An established financial institution specialised in the trading of the currency market in the Asia Pacific is looking for qualified persons to fill in the following vacancies:

1. FOREIGN EXCHANGE TRADER
2. FOREIGN EXCHANGE ADVISOR

The successful candidate will be based in Singapore and be responsible for the day to day trading aspects of the company.

He or she should be able to provide market reviews and conduct presentations/seminars as required within our network in the Asia Pacific region.

Pre-requisites:

- Single, aged 35 years or below
- At least 5 years working experience as a foreign exchange trader/advisor in a recognised financial institution.
- A pleasant and independent working attitude with leadership quality.
- An attactive remuneration package commensurate with qualifications and experience will be offered to the right candidate.

Term contracts can also be negotiated.

Please apply with detailed resume including current and expected earnings together with a recent photograph to:

The Managing Director
111 North Bridge Road
Unit 12-06 Peninsula Plaza
Singapore 0617

City Law Firm

DIRECTOR OF FINANCE

To £80,000

This firm is a progressive, financially sound medium sized City law practice, with regional offices in the UK and a network of associated offices throughout the world. Recognising the fundamental importance of strategic and financial planning, it seeks to appoint a Director of Finance to work alongside the firm's senior management.

Likely to be aged over 35 and a qualified accountant (or MBA), the Director of Finance will be a member of the firm's management team. Responsibilities will include the further development of the firm's financial and investment strategy and as importantly, the effective communication of complex financial and management information to the partnership as a whole.

Previous experience of working within a partnership will be an advantage but is not a prerequisite. A creative, commercial approach and well-honed communication skills are essential.

The firm views this appointment as critical in achieving its ambitious business objectives. This will be reflected in the package and status offered.

Please reply, enclosing full details in complete confidence, to ***Stephen Rodney*** *or* ***Greg Abrahams*** *at* ***Quarry Dougall Recruitment****, 37-41 Bedford Row, London WC1R 4JH. Confidential fax: 0171-831 6394.*

No CVs will be forwarded to our Client without candidates' express knowledge and consent.

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A key post with a global US Bank

Capital Markets

Vice President – Benelux — **City Based**

Our client is one of the largest financial institutions in the world. It is a leading player in the lending and treasury markets and an emerging force in the debt capital markets. The Bank already has an involvement in the Benelux region but seeks to develop a higher profile and greater market share with major borrowers on the capital markets. To this end they now seek a seasoned coverage officer to build relationships with investment grade names in the corporate, financial institution and supranational sectors.

The ideal candidate will be a graduate aged between 30-40 with a minimum of 3 years in the debt capital markets. This will be coupled to an established reputation with frequent borrowers in the region and the ability to bring such organisations to the market.

However, the successful candidate will also cross sell the full range of products including private placements, structured finance, corporate finance, lending and treasury facilities. The ability to identify applications for these instruments is therefore equally important. Fluent French is a prerequisite, and this should be allied to the strength of personality and gravitas to be credible with senior managers both internally and externally.

This position offers an excellent opportunity for an ambitious banker to develop their career with one of the market's most successful global institutions. Compensation is highly competitive and will be commensurate with age and experience.

If you are interested in pursuing this post further then please write to Niall Macnaughton at BBM Selection quoting Ref: 347 at the address below. Alternatively use our confidential fax on 0171-248 2814.

76, Watling Street,
London EC4M 9BJ

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SELECTION

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Head of Foreign Exchange and Interest Rates

London

Excellent Package

Our client is a specialist UK based Investment bank with a successful record of profitable growth across a number of product areas within a variety of niche markets.

They are now looking for a first rate individual to head its core Treasury group to establish market leadership in specific niche areas encompassing its derivative, foreign exchange and money market units.

The successful candidate will be able to demonstrate:

- *Excellent trading skills, recent experience of running a desk*, the desire and entrepreneurial skills to establish and implement the development process whilst maintaining hands-on control of the group.
- Experience of both OTC and exchange traded options, with the objective of developing a derivative capability in South African Rand in addition to that required in major currencies.

The position, reporting in to the Director of Treasury, will attract a very competitive salary together with an excellent performance driven bonus.

Rochester Partnership Ltd

Please send a detailed Curriculum Vitae quoting ref SRP 352, to: Garrard House, 31-45 Gresham Street, London. EC2V 7DN England. Telephone: + 44 171 600 0101. Facsimile: + 44 171 796 4255.

Investment Analyst

Leading European Boutique, City

The company is a leading specialist provider of unquoted debt and equity financing to a wide range of industries throughout Europe. The majority of its investments take the form of management buy-outs or private debt placements. Its fast growing portfolio currently stands at £2 billion and spans nine European countries. Owned by one of the largest American financial institutions, the company is well known throughout Europe for its high calibre.

As a result of its continued growth, the company is seeking to strengthen its junior-level investment staff. Applications are invited from graduates with at least six months' experience in analysing companies for a major investment organisation, accounting firm or management consultant. Individuals who have completed a training programme with a respected investment bank, merchant bank or commercial bank are particularly encouraged to apply. A second European language, although not essential, would be preferred.

Successful candidates can expect to be fully challenged in a fast pace, supportive environment. Working in a small office environment will also require the analyst to assume a higher level of responsibility than typical in a larger firm. As part of a transaction team typically comprising three individuals, the analyst will be responsible for conducting intensive financial and business analysis of prospective investee companies. Opportunities in developing relationships with portfolio clients as well as managing and monitoring existing investments will also be available.

The competitive remuneration package is designed to attract the best candidates available.

Interested candidates should please write in confidence, enclosing full CV to:

Box A5074, Financial Times, One Southwark Bridge, London SE1 9HL

General Manager
Leasing

Neopost is a world market leader in the design, manufacture and distribution of mailroom equipment.

Neopost Finance Limited is the sales aid leasing subsidiary of Neopost Limited, the UK manufacturing and distribution company which has a user base of 50,000 installed customer units.

The head of Neopost Finance Limited has recently been promoted to the Board of the parent company, and we now wish to appoint his successor.

As General Manager you will have day to day operational responsibility for the company, which has a growing portfolio of £34 million, comprised of 13,000 agreements and employing 35 people.

In addition to managing administration, credit underwriting, cash collections and litigation, you will have responsibility for marketing the financial services offered by the leasing company to the salesforce. This will involve continuous liaison with the salesforce, including preparation and presentation of sales training modules and development and monitoring of sales incentives.

This key role offers an excellent opportunity to the person who can combine business and technical expertise with flair and initiative.

We offer a benefits package including a competitive salary, company car and health care scheme.

Please apply in writing with full CV to Miss Michelle Kerfoot, Personnel Officer, Neopost Limited, Neopost House, South Street, Romford, Essex RM1 2AR.

neopost

TREASURER

A treasurer is required for the London branch of a leading Middle Eastern bank with a small but diversified treasury operation.

The successful candidate will have extensive dealing experience in the full range of foreign exchange and treasury products, both on and off-balance sheet, and will also possess the necessary management skills to successfully interface with the local and Head Office management teams.

The position carries a full banking compensation package together with a competitive salary that will reflect the seniority and experience of the person employed.

Please apply with a detailed curriculum vitae to:
Box No. A5079, Financial Times.
One Southwark Bridge, London SE1 9HL

OFFICE ADMINISTRATOR/SECRETARY

Urgently required by newly set-up London representative office of an established Asian securities firm:

- 3 to 5 years' experience in secretarial/administrative field
- good communication skills
- hands on computer knowledge
- dilligent and responsible

Attractive package will be offered. Interested parties please send in application with full CV and expected salary to us in Hong Kong by fax: *(852-2530-9890)*

CITY University BUSINESS SCHOOL

The Morgan Grenfell Chair in Financial Markets

Applications are invited to lead one of the Department of Banking and Finance's core disciplines relating to international bank management and strategy, or to the functioning of financial markets. The appointed professor will contribute to the Department's research, and to its graduate and undergraduate teaching.

Located in the Barbican, in the heart of the City of London, the Department has close relations with City based financial institutions. The Department's activities help put the School in the top 10% of UK business schools for research, and achieve its mission of being the business school of first resort for the City and business professions.

The post is a continuing university appointment, which has been generously funded by bankers Morgan Grenfell. Salary will be negotiable on the professorial scale.

Further details and application forms are available from the Academic Registrar's Office, City University, Northampton Square, London EC1V 0HB, telephone 0171 477 8011, quoting reference: FT. Closing date for applications 28th April 1995.

We are committed to equal opportunities

TOP OPPORTUNITIES IN BOND SALES/BROKING

Pro Capital is a specialist organization in the debt/security markets.

We are looking for a limited number of high calibre individuals to expand or set-up one of the following areas:

* investment grade and illiquid bonds
* emerging markets
* convertible bonds/warrants

Openings also exist in other areas of capital markets

Applicants must have successful bond sales and/or broking experience.

We can offer outstanding performance based package. Possibility to assume responsibility and autonomy for the right candidates.

Please send your resume or call (after 5 p.m.) confidentially: Oliver R.Froment, Managing Director, **Pro Capital Ltd.**, CBC, 2 London Wall Buildings, London Wall, London EC2M 5PP, tel: 071 628 4200, fax: 071 628 0870.

SENIOR DIRECTOR - FINANCIAL & INVESTOR RELATIONS

The Communication Group plc, one of the UK's leading and fastest growing independent public relations consultancies, is seeking a senior executive to play a major role in its expanding Financial and Investor Relations Division.

The division currently handles investor relations work for leading UK publicly quoted companies, as well as undertaking a growing number of assignments for companies from the US, Europe and the Asia Pacific region. The consultancy is a 25% shareholder in Entente International Communication SA, Europe's largest independent public relations group.

The successful candidate will be thoroughly familiar with all aspects of financial public relations, and have first class contacts with the UK financial media and City institutions. There is a requirement for top level corporate communication counselling with clients, as well as playing an important part in the development of the division in the UK and internationally. First class remuneration package.

Contact: Peter Hamilton, Managing Director,
The Communication Group plc, 19 Buckingham Gate,
London SW1E 6LB. Tel: 0171 630 1411.

SMITH NEW COURT
SECURITIES LIMITED

UK Equity Sales to France

Smith New Court, the UK's leading independent Securities House, is seeking to recruit an experienced Salesperson to expand its successful business selling UK Equities to French institutions.

The requirement is for a self-motivated, hard-working individual with strong interpersonal skills and fluency in French. Previous experience of marketing financial products and a thorough understanding of the market place are essential.

A highly attractive remuneration package will be offered.

Please submit your application, including a CV, to:

Susanne Meikle
Personnel Department
Smith New Court Securities Limited
Smith New Court House
20 Farringdon Road
London EC1M 3NH
Fax: 0171 772 2925

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Competitive – Excellent Banking Benefits

THE COMPANY
Our client is a highly profitable and dynamic London based International Merchant Bank and 'Investor in People' with global business operations in risk management trading, corporate finance, investment management and commercial banking. Due to their continued success in world markets they are actively seeking to appoint a commercially minded individual for the business audit team.

THE ROLE
Working in a professional team your scope will be significantly broader than the traditional audit role. Specifically you will be responsible for assignments bankwide, typically involving a top down approach concentrating on understanding inherent risk, reviewing business processes, identifying key controls and weaknesses and liaising with management to influence appropriate change. It is expected that you will be able to work in an advanced IT environment. Additionally, you will provide internal consultancy, participate in project working groups, monitor trading strategies and perform investigative assignments as and when they arise.

THE CANDIDATE
Suitable candidates will be Chartered Accountants (1-3 years post qualified experience) with exposure to the financial services industry, either gained with another City institution or with audit clients in the profession. A detailed understanding of treasury, capital markets and derivative products is important, as is the self-confidence to liaise with and influence all levels of seniority within the bank and to assume full personal accountability.

To apply, please send your CV to Ian Jones or Howard Foster at Financial Selection Services, Charlotte House, 14 Windmill Street, London W1P 2DY, alternatively please telephone on 0171-209 1000/Fax: 0171-209 0001 (evenings on 0181-539 4931).

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POLAND

CARGILL is a diversified multinational company specialising in agriculture, food ingredients and products, and financial risk management services. Founded in 1865, it is today one of the world's largest privately held companies and employs 70,000 people in 65 countries. The company is headquartered in Minnesota, USA, trading through 45 product groups and with annual global revenues of approximately US$50Billion.

Through a policy of continued investment into its core businesses and the acquisition of new ventures, CARGILL is committed to investing in emerging markets such as Central and Eastern Europe. CARGILL has been active in Poland since 1990 and today employs 80 people in its seed, feed milling and commodity trading activities headquartered out of Warsaw.

Opportunities now exist with CARGILL for ambitious young financial professionals in Poland. These opportunities require accomplished communicators who possess advanced accounting skills, can demonstrate successful track records in financial management and have an understanding of Polish business and accounting principles.

In your late 20s or early 30s, you must be fluent in both English and Polish, be willing to undertake international travel and possess the drive and ambition to realise the career potential and rewards from a major multinational.

For further information on the current opportunities for financial professionals in CARGILL, contact our advising consultants **Mark Stewart** or **Kean August** at **FSS Europe, Charlotte House, 14 Windmill Street, London W1P 2DY, United Kingdom** or telephone **(44) 171 209 1000** (days) and **(44) 1256 810266**, (evenings after 8pm) or fax **(44) 171 209 0001.**

FSS EUROPE

Lazard Brothers & Co., Limited
Opportunities within Computer and Investment Management Audit

We are a leading merchant bank with a long and impeccable history. We employ around 700 people based in London and the Channel Islands. Our range of banking services include Corporate Finance, Banking, Investment Management, Stock Exchange Money Broking, Capital Markets, Asset Trading, Venture Capital, Property and Real Estate Finance.

Our Internal Audit department aims to provide high quality recommendations which promote cost-effective business solutions. It performs risk-based systems audits of all group activities and provides consultancy services on a wide range of business issues across a diverse product portfolio.

We are seeking to expand our team by recruiting two senior auditors, the first specialising in computer audit, the second in investment management.

Both positions offer challenging roles for dynamic qualified accountants with a minimum of three years relevant financial sector audit experience. In addition, candidates should be keen to move into a project management or operational role after two/three years within our Internal Audit department.

Interested candidates who meet our criteria should send their curriculum vitae, including present remuneration details and contact telephone numbers, no later than Friday, 21 April to:

Sarah Barber
Personnel Department
Lazard Brothers & Co., Limited
21 Moorfields, London EC2P 2HT

Financial Controller
For the Fine Arts Trade

c£30k London

Our client is a major International packing and shipping company dealing solely in Fine Arts. The company specialises in the world-wide shipment of antiques and operates an international import and export service through a sophisticated global network.

Due to considerable growth and expansion this young and dynamic company is seeking to appoint a Financial Controller to manage the financial and accounting function. Reporting to the board of Directors this position carries with it significant autonomy and responsibility.

You will take control of the production and presentation of monthly accounts, cash flow, credit control and the development of appropriate systems to ensure timely analysis and production of financial information.

This position creates an exciting opportunity for a qualified or part qualified accountant with at least 2 years commercial experience, who is able to demonstrate a high level of motivation and business acumen supported by strong computing skills.

Please send your C.V. to Sandra Aldridge or Chris Denington at Grant Thornton, International House, 7 High Street, Ealing W5 5DB. Alternatively call them on 0181-566 5900.

Grant Thornton
The U.K. member firm of Grant Thornton International.

NEW INTERNAL AUDIT TEAM

INTERNATIONAL NATURAL RESOURCES GROUP

LUXEMBOURG — **SUBSTANTIAL REMUNERATION PACKAGES**

- A leading natural resources group with expanding interests in gold; base metals; industrial minerals; and pulp, paper and packaging.
- A major restructuring is now in place, completing its evolution from an investment company into an international operating group. Assets now exceed $3 billion with turnover of $3.5 billion.
- The group operates a decentralised management philosophy with a small central team providing strategic direction, determining the appropriate allocation of financial resources and ensuring the appointment and development of high calibre operating managers.
- A Chief Internal Auditor has recently been appointed, whose brief is to formulate clear terms of reference, build a strong audit team and devise new policies and procedures which will satisfy the requirements of the Audit Committee. In line with this, four further new positions have been created, to be based at the Luxembourg head office.

AUDIT MANAGER-TREASURY AND COMPUTERS

- Reporting to the Chief Internal Auditor, he/she will draw up plans for the carrying out of internal audits across the world, with special reference to treasury and commodity trading areas, along with the systems in use for their control. In addition, he/she will be responsible for the development of a full computer audit function in the group, including carrying out computer audits and assisting other internal auditors in this area.
- Graduate, qualified accountants or members of the Association of Corporate Treasurers with at least five years post-qualification experience. A background at a senior level within the internal audit department of a major bank or multinational company is likely, however candidates from the 'Big 6' will also be considered. Experience will include audits of treasury/commodity trading as well as in depth computer auditing. Line experience will be an advantage. (Ref 906).

AUDIT MANAGER-MINING AND MINERALS

- Reporting to the Chief Internal Auditor, he/she will primarily be responsible for the planning and execution of internal audits across the group's mining and mineral companies in North America and Europe. This will involve detailed audit work as well as the training, development and guidance of internal audit staff. He/she will also carry out audits within the group's other interests on an occasional basis.
- Graduate, qualified accountants with at least five years post-qualification experience. A strong record of success at a senior level, probably within the internal audit department of a major multinational company. Candidates direct from the 'Big 6' will also be considered and line accounting experience would be an advantage. Background must include mining operations or natural resources companies, with a sound grasp of extractive industries accounting and internal control principles. (Ref 907).

SENIOR INTERNAL AUDITORS

- The Senior Internal Auditors will normally report to the Audit Manager, Mining and Minerals, but for some projects will report directly to the Chief Internal Auditor. They may also be requested to carry out special assignments and secondments from time to time. The roles will involve assisting with audit planning as well as internal audit field work in close liaison with the management and staff of operations being audited.
- Graduate, qualified accountants with at least two years post-qualification experience. They should have worked in the internal audit departments of large organisations, ideally including a multinational natural resources company, and able to demonstrate a sound knowledge of internal control principles. Candidates with 'Big 6' experience only will be considered if they have worked with relevant audit clients. Line accounting experience will be an advantage. (Ref 908).

- Candidates should be articulate and able to conduct themselves in a convincing manner, both with senior management and other members of staff. They should be able to make high-quality oral and written presentations in English and work to tight budgets and deadlines.
- The ability to demonstrate genuine achievements in their career to date, including auditing achievements, will be essential.
- Familiarity with word processing and spreadsheeting will be important, including both PC-based and business systems.
- European language skills, in particular German, Portuguese and/or Spanish, would be particularly advantageous.
- These demanding positions will be attractive to candidates who would be interested in high levels of travel and time away from home base. Likely destinations include cities across North America, South America, Continental Europe and the UK.

Please apply in writing quoting the appropriate reference number with full career and salary details to:
Nigel Bates
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
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Whitehead SELECTION
A Whitehead Mann Group PLC company

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c. £70,000 package + benefits + share options — *Consumer Electronics* — *South East*

Group Finance Director

Continuing growth internationally at this profitable c. £35 million turnover business, part of an acquisitive international group ($700 million turnover), calls for the appointment of a Group Finance Director to ensure that the finance and IT functions support the needs of a growing business. Exceptional individual with strong commercial awareness sought to work closely with the Chief Executive in bringing ambitious expansion plans - including acquisitions and joint ventures - to fruition.

THE ROLE

- Reporting to the Chief Executive with full responsibility for the finance and IT functions. Advising on a wide range of business and operational matters as well as legal and fiscal issues as Company Secretary.
- Providing close support to operating management in identifying cost and performance levers, whilst managing a team and upgrading control and reporting systems to cope effectively with growth.
- Key member of the strategic management team, providing financial input to the budgeting and planning process. Handling local tax, treasury and audit issues for the three group companies, ensuring timely reporting to overseas parent.

THE QUALIFICATIONS

- Graduate, chartered accountant, with a minimum eight years' PQE and a structured training gained in a blue-chip plc environment with an international, manufacturing bias.
- Successful track record of developing and implementing MIS with proven commercial involvement in the management of an international branded manufacturing business.
- Pro-active and broadly based finance professional, capable of contributing to strategic thinking and profit improvement. Strong IT and administrative skills with experience of evaluating and integrating acquisitions.

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London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. FS11603SL, 16 Connaught Place, London W2 2ED

EDS

Business Unit Controller

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- EDS is a global corporation dedicated to helping its customers achieve competitive advantage in the markets they serve through the application of information technology to business and organisational needs. It has an overall presence in 35 countries and turnover within the UK is in excess of £300m and growing significantly.
- The Business Unit Controller will report to the UK Finance Director and will head up the finance function of a major business unit. This unit employs 1000 staff who service an impressive portfolio of major blue chip clients with contracts varying from one to ten years.
- The focus of the role will be to provide effective financial control and management information over the existing business portfolio and to play a key part in the planning and negotiation of new business.
- The current size and future growth plans of the business, both within the UK, Europe and on a wider international scale, are such as to realistically offer further career opportunities in the medium term.
- Suitable candidates will be qualified accountants, unlikely to be younger than 33 years with financial experience gained within a substantial and complex contracting environment. Key qualities are good staff management skills, sound commercial judgement with the ability to appraise a wide variety of long term contracts, strong analytical skills and the integrity to be credible with senior management. Above all else, the individual must be comfortable with working within a rapidly changing environment, which brings with it the continuing need to adapt the role to meet the evolving business needs.
- ***Please send your curriculum vitae, including current remuneration details, to Carrie Andrews at Ernst & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference CA632.***

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KPMG is widely recognised as one of the world's leading firms of business advisors; an organisation that is committed to sustained growth and that has entered a new era. We have developed a strong 'added value' ethos based on a commitment to our people and their careers. Leadership, responsibility, teamwork and opportunity are the very cornerstones of our culture, and nowhere is this more apparent than in our construction and utilities sectors, for which we are currently seeking talented chartered accountants.

The people we seek will possess the innate business awareness that enables them to bring far more than the traditional accounting function to our clients' activities. Sound commercial experience gained in either the construction or utilities field is essential, as is the ability to contribute across the entire spectrum, from audit and investigation through to financial management consultancy projects.

Naturally, we require a high degree of commitment, combined with the skills and experience needed to run large projects within an innovative and truly dynamic multi-disciplined environment. Aged ideally in the late twenties or early thirties, the successful candidates will have strong commercial acumen and will wish to build on a professional record of which they are already proud; a record that demonstrates real 'people skills' and a natural disposition to the client service ethic.

These roles offer unrivalled prospects for career development, together with a high degree of responsibility and client involvement in an arena which encourages personal contribution and initiative. They also offer attractive salaries supported by a generous benefits package and the opportunity to build your career in an environment where quality, service and the provision of practical business solutions are the bases for success.

If you have the ability, commitment and ambition we are seeking, write with your CV and full remuneration details to Deborah Rennie, KPMG, 1–2 Dorset Rise, Blackfriars, London EC4Y 8AE.

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Leading change in a major regional newspaper group

Leeds — attractive package + car + benefits

United Provincial Newspapers (UPN) – a £180 m turnover subsidiary of United Newspapers Plc – is a leading regional newspaper group, with titles that include the Yorkshire Post, the Yorkshire Evening Post and the Sheffield Star. Additionally, it has publishing interests in Spain and contract printing activities in the UK. The media environment is a constantly and rapidly changing one, and UPN prides itself on its pro-active and creative approach to the social and technological change affecting its sector.

The Finance Director – who reports to the Chairman of UPN and has a dotted line report to the United Newspapers Group Finance Director – provides functional leadership for the heads of finance in the autonomous operating subsidiaries. As well as having responsibility for overall strategic financial management and financial reporting, the Finance Director will:-

- Identify critical performance criteria as a tool for effective management;
- Review and develop financial and management information systems;
- Target, evaluate and implement acquisition opportunities;
- Manage relationships with the company's professional advisors.

Suitable candidates will be graduate level chartered accountants already operating at a senior, policy-making level in an innovative, high paced and changing commercial environment. Experience at Divisional Finance Director or at Group Financial Controller level would be appropriate – but this should have included exposure to considerable corporate finance and acquisitions activity. The new Finance Director must be innovative, energetic and persuasive, and have well developed communication skills. The capacity to operate comfortably at a strategic level and the ability to translate ideas into practical action are essential requirements.

This is a senior appointment, likely to be of interest to candidates currently earning c £50,000 pa.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 94409N on both letter and envelope, and including details of current remuneration.

GKRS
SEARCH & SELECTION
PARK HOUSE, 6 KILLINGBECK DRIVE, LEEDS LS14 6UE. TEL: 01132 484848
A GKR Group Company

Coopers & Lybrand Executive Resourcing

Internal Auditor

Multinational Manufacturing Group

LONDON — **£32,000 - £35,000 + CAR + BENEFITS**

Our client is a substantial, diversified multinational manufacturing group with truly worldwide operations. A fully listed UK plc their turnover is well in excess of £1 billion and is growing strongly. They have over 11,000 employees working in more than 30 countries.

Increasing emphasis on internal audit and continuing development of the function has created this opportunity to join the international team in a role covering the group's European operations. Reporting to the Group Head of Internal Audit, and working with operational management across Europe, your role will be to audit financial and management controls and systems and facilitate the adoption of best practice across the group.

You will be of graduate calibre and a qualified accountant with at least two years' post qualification audit experience gained in one of the leading professional audit firms or the internal audit function of a major plc. The ability to conduct business in French and/or German would be particularly helpful, as would previous experience of manufacturing industry. Your approach will be as important as the experience you bring to the role, self reliance and tenacity will be combined with the interpersonal skills necessary to influence and persuade at senior levels. The position requires substantial international travel.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Tim Latham, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, quoting reference TL1091 on both envelope and letter.

SENIOR TREASURY APPOINTMENT

DUBLIN FINANCE COMPANY

TOP FTSE plc

c £60,000 + BONUS + BENEFITS & RELOCATION PACKAGE

Our client is a major international blue-chip plc with a turnover in excess of £4bn. A strategic review has created the opportunity for an experienced treasury professional to develop cash management and lending on behalf of the Group and to lead the operations of a company based in Dublin.

Reporting to the Group's Director of Treasury, the post-holder will be required to establish, manage and motivate a team responsible for effective pan-European cash management. He/she will create a centre of excellence within the Group to ensure the continuing improvement of performance via enhancement of systems, procedures and operating company and banking relationships.

The successful candidate is likely to hold an accountancy, banking, MBA or MCT qualification. With a proven track record in international treasury management, he/she will be able to demonstrate an understanding of cash management systems and banking technology.

Essential qualities will include strong commercial awareness and the credibility to negotiate and influence successfully within the Group and with banking counterparts.

This is an excellent opportunity to join the financial management team of a highly-respected plc. There is the potential for future career development for a high achiever.

Please write, enclosing full Curriculum Vitae to:
Ian Magness

RICHARD JAMES ASSOCIATES
PREMIER HOUSE, 10 GREYCOAT PLACE, LONDON SW1P 1SB.
TELEPHONE: 0171 222 8866, 0171 222 8037/8. FAX: 0171 233 1759.

Divisional Financial Controller

c.£35,000 + Car + Bonus & Benefits — **East Midlands**

High profile, influential role for commercially astute accountant with general management aspirations.

THE COMPANY
- Substantial UK Plc. Market leader, strong growth, excellent performance in competitive field.
- Established group structure with sound systems and financial management.
- £90m turnover, multisite manufacturing division with overseas joint venture. Significant investment and growth plans.

THE POSITION
- Report to Managing Director. Manage accounting function for eight businesses.
- Contribute to business strategy. Ensure group reporting requirements are met.
- Monitor and develop staff to ensure business and group standards are maintained.

QUALIFICATIONS
- Qualified accountant with significant experience gained in large manufacturing group. Ideal age 30-35.
- Sound commercial appreciation, hands-on approach with strategic orientation.
- Energetic and ambitious, able to communicate at all levels and committed to developing staff.

Please send full cv, stating salary, ref BP1291, to NBS, Berwick House, 35 Livery Street, Birmingham B3 2PB

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WIMPEY CONSTRUCTION INVESTMENTS LIMITED

COMMERCIAL & FINANCIAL DIRECTOR

London W6

Wimpey Construction Investments Ltd has been created within Wimpey's Construction Division to acquire and manage a portfolio of equity investments in projects built under Private Finance Initiatives and Build Own Operate schemes. These may be in the UK or overseas.

As part of the new management team a senior financially oriented executive is required to provide commercial input to the bidding and negotiation of concession contracts. Working closely with Wimpey Construction, joint venture partners and external and internal project finance advisors emphasis will be on the analysis of risk including the interpretation of tax and legal implications, the structuring of bid proposals and the co-ordination of negotiations once preferred bidder status is achieved.

Probably aged over 35, previous experience of working in joint ventures is essential, preferably including involvement overseas and interaction with project finance. The ability to work with clients, investors and partners is equally important. A professional accounting, legal or banking qualification might be a suitable background.

The package will reflect the importance of the role and will include the full range of executive benefits normally associated with a major company.

Please write with full CV, including salary history and daytime telephone number quoting reference 3083/FT, to John Sleigh FCCA, Phillips & Carpenter, 2 - 5 Old Bond Street, London W1X 3TB. Tel: 0171-493 0156.

Phillips & Carpenter
Search and Selection

Finance Director

Major Listed Multinational FMCG Group

Provinces — Package to £150,000 + Benefits

With interests spread throughout the world, our client is a high profile UK plc, producing and distributing a range of branded and own label products through leading retail outlets across Europe. A strong customer focus, a sound investment strategy, product innovation and a commitment to quality all play a part in achieving continued success, and the group is well placed to achieve substantial growth both organically and by acquisition.

The Finance Director will be closely involved in the strategic management of the group, with a particular emphasis on America and Europe. The company is decentralised and the successful candidate will manage a small head office team, providing financial leadership across the entire group. Ensuring that finance continues to cater for the needs of a fast moving, dynamic business is clearly a priority. Equally important will be the external focus, liaising with City institutions and advisers.

Candidates should be graduates, qualified accountants and currently Finance Director or deputy of a listed company, preferably in the consumer goods sector. Experience of working in a complex, multinational, customer-focused business is vital, ideally with exposure to the City.

The Finance Director must be commercially astute, combining first class strategic and analytical skills with a results-oriented, pragmatic approach. A team player and leader, he/she must be energetic, creative and committed.

The remuneration package will reflect the international growth potential of the group.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 384J on both letter and envelope, and including details of current remuneration.

GKRS
SEARCH & SELECTION
CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TEL: 0171 287 2820
A GKR Group Company

Group Financial Director

c. £80,000 + car + benefits — **Location: Birmingham**

Apricot Computers Limited is a wholly owned subsidiary of Mitsubishi Electric (UK) Limited and has a significant global presence in the high volume hardware manufacturing industry. They operate as an autonomous business with the financial support of a large and secure parent, employing over 400 people in its four main divisions. They are now looking to recruit a Financial Director, based at the group headquarters on the Birmingham Business Park.

Reporting to the Group Managing Director, the Financial Director will be responsible for all financial functions within the company, including responsibility for Personnel and Management Information Systems.

The full range of duties also cover:
- Financial reporting within the company to the main board, executive committee and Mitsubishi Electric Corporation in Japan.
- Formulating and implementing group financial controls and policy throughout the company.
- Treasury management, tax and financial planning at group level, including currency risk management.
- Preparation of group budgets with emphasis on group balance sheets and cash flow budgeting.
- Control of the group personnel function to ensure the employment policy, including payroll and pension administration, is applied throughout the company.
- Control of the Group Management Information Systems and the implementation of IT strategy to meet user requirements in all areas of the business.

Candidates will be qualified ACA's with a minimum 5-7 years PQE gained ideally in hi-tech/manufacturing environments and enjoy a broad base of experience in those areas mentioned above. You will also display the commercial acumen, credibility and proactive approach commensurate with a position of this importance. This is a challenging and demanding role which will require a grasp of day-to-day management as well as the ability to make a significant contribution, at a strategic level, to the performance and profitability of the company.

Salary is negotiable and will reflect the seniority of the position. Assistance with relocation will also be available if required.

If you believe you have the necessary attributes to succeed in a young progressive organisation and help us maintain our position at the forefront of PC and open-systems technology, please send a full career resume, quoting current remuneration details, in confidence to our advising consultant Jonathan Kidd at Harvey Nash Plc, Dragon Court, 27-29 Macklin Street, London WC2B 5LX. (Tel: 0171-333 0033). Please include a daytime telephone number and quote reference HNF121.

HARVEY NASH PLC

apricot

KPMG — STEMCOR

Financial Controller

Building up to flotation

City £40–45K + bonus + benefits

This is a first class opportunity to make an impact with a well established and fast growing trading company. The Stemcor group is financially strong, poised for further expansion and plans a full listing within three years. The company now wishes to recruit a high calibre commercially astute Accountant.

In this newly created role you will be responsible for handling all aspects of accounting and financial management with an emphasis on developing and monitoring the accounting systems and risk management procedures. Your technical expertise must be combined with strong management skills and an ability both to see the big picture and maintain a hands on approach.

You will be a qualified accountant, aged between 27 and 35 and preferably a graduate. Essential experience will include working knowledge of various PC based applications and exposure to the review and implementation of systems. You will have enjoyed a progressive career to date, which has led to management responsibility in a financial and commercial environment. You must be a highly intelligent, well motivated self starter with good communication skills and a confident but adaptable personality. Any prior exposure to international or commodity trading business would be a distinct advantage.

Interested candidates should send comprehensive CV's and salary details, quoting reference S272 to Janina Harper at KPMG Selection & Search, 1-2 Dorset Rise, Blackfriars, London EC4Y 8AE.

KPMG Selection & Search

KPMG

Financial Analyst

Hanson

Bristol based ***Competitive salary + car + bonus***

Outstanding career opportunity for a high calibre, young accountant

ARC Ltd is a subsidiary of Hanson plc and a significant contributor to Hanson profit. The company is one of the UK's leading suppliers of aggregates and coated stone, a major producer of concrete products and one of the largest owners of landfill resources in the UK.

Internal re-organisation has created the need for an ambitious, qualified accountant to develop the new role of Financial Analyst.

The Role
- Provide a comprehensive financial analysis of operating performance, product profitability and sales information for use by senior management and group finance.
- Develop, maintain and analyse data to monitor performance against evolving market trends.
- Liaise with operational management in order to furnish them with qualitative and perceptive management information.

The Person
- Graduate, qualified accountant, ideally aged 28-32, with a minimum of two years' post qualification experience gained in a commercial/industrial environment.
- Pragmatic self-starter with toughness, energy and determination.
- First class technical skills coupled with a proven record of interpreting financial and non-financial information for management decision making.
- Intellectually flexible, able to contribute to the broad, strategic perspective.

It is envisaged that successful performance in this key role will provide a fast track for future career development.

Interested candidates should send details of their suitability including current remuneration package, to Karan Paige, KPMG, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone (0117) 946 4000.

KPMG Selection & Search

Group Financial Analyst

North West London

£40,000 p.a. + Benefits Including FX Car & Share Options

Our client is a FTSE 100 group in the leisure sector. Its individual brands are well-known household names and it is an organisation now well-placed to grow and develop further.

The demands upon the Group Financial Planning and Analysis function from the business have rapidly increased with the result that this new key role has recently arisen.

Reporting to the Group Financial Planning Manager your initial responsibilities will include:
- Reviewing and developing the periodic analysis of results and provision of key management information.
- Responsible for designated areas of the forecasting, budgeting and medium-term planning process as well as performance measures, profitability analysis and risk assessment.
- A variety of ad hoc projects associated with the identification of key development issues.

To enhance the perspective you will bring to this position you must have held a high profile finance position at an Operational or Divisional level within a large blue-chip organisation. You will be a qualified Accountant able to evidence positive and direct contributions to business via the finance function. Your technical and financial management skills will be of the highest standard. Additionally you must be able to demonstrate strong personal qualities including:
- Immediate personal and commercial credibility with a well-focused, analytical mind able to isolate key issues.
- An ability to challenge positively and influence effectively at all levels and across all functions.
- Energy, enthusiasm and a high level of initiative.

To apply write to Karen Wilson at Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY enclosing a recent CV and a note of current salary quoting reference HKW/9156/FT

Hoggett Bowers
EXECUTIVE SEARCH AND SELECTION

APPOINTMENTS WANTED

FINANCIAL EXECUTIVE
Chartered Accountant FCA
Available for Assignments
- "Hands-on-Can-do" approach
- French, German, Spanish, Italian
- Dynamic; committed; team player

TEL/FAX: LONDON
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INTERNATIONAL TREASURY SPECIALIST

£Excellent — **London Based**

Our client is one of the UK's most successful fmcg companies currently enjoying substantial growth. An internal development move has created an opportunity for an experienced Treasury specialist to join their Group Treasury Operation.

Responsibilities will include the provision of a full range of Treasury services to overseas subsidiaries with particular emphasis on the Group's Latin American interests. In addition to your proven facilitation and consulting skills, you will have the commercial acumen and cultural sensitivity to operate effectively in a truly international environment.

In addition as a key member of multidisciplinary project teams you will be required to demonstrate strong communication skills together with the credibility and intellect to influence at all levels.

You will be a qualified accountant and a member of the ACT (or an MCT finalist) and will have a second European language (preferably Spanish). You should also be willing to undertake a significant amount of international travel.

Interested candidates should write in confidence enclosing a Curriculum Vitae quoting reference FT/8905 to:

LAS

Lonsdale Advertising Services Ltd, 58-60 Rivington Street, London EC2A 3AY.
No telephone enquiries can be accepted.

Financial Controller

East Europe, Middle East

c DM 180,000 p.a. - Frankfurt

Our client is the European, and Middle East Division of one of the leading American multinationals with substantial interests in a very strong specialist consumer market. The Division is headquartered near Frankfurt and is divided into several Regions for marketing and managerial purposes. The Eastern Region stretching through Eastern Europe, the Baltic States, Russia, the Middle East and comprising over 30 active countries is the fastest growing Region in the Division and an area of high potential.

The Financial Controller will be responsible to the Regional Director for overall financial management of the Eastern Region business, a role which covers not only planning and reporting of the business but also the negotiation of satisfactory commercial arrangements and ensuring adequate control systems, all in the context of a challenging commercial environment of some diversity. The position will involve 40% to 50% travel.

Applicants must be high calibre graduate accountants or CPA's with a basis of strong audit experience, and post qualification achievements of some relevance gained with a major US multinational or at a high level in the international wing of a Big 6 practice. Commercial awareness and the strong communication skills to argue financial issues persuasively with non-financial colleagues are essential together with a high energy level and experience of working in more than one country. Age guideline – early 30s. This is an exciting challenge and career prospects within the international group are excellent.

Please apply in confidence quoting ref. L586 to:

Brian Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 0171-240 7805

Mason & Nurse
Selection and Search

EUROPEAN FINANCE APPOINTMENTS

£40K TO £100K PLUS

We are handling a number of key Finance Appointments based in Europe all with multi-national corporations.

We are seeking young graduate qualified accountants/MBA's ideally with finance experience gained in international manufacturing. Aged 27 - 35 with US GAAP exposure, you will be fluent in one or more European languages.

In particular, we require:

- PLANT CONTROLLERS/FINANCIAL CONTROLLERS/ FINANCE MANAGERS
- INTERNAL/COMPUTER SYSTEMS AUDITORS

If you are interested in any of these appointments or would like to be kept informed of future ones as they arise, then write with you CV, quoting reference 4090 to: **Christine Adamson, International Research Director, Adamson & Partners, 10 Lisbon Square, Leeds LS1 4LY, England. Tel: +44 (0)113 2451212 Fax: +44 (0)113 2420802.**

ADAMSON & PARTNERS
INTERNATIONAL EXECUTIVE SEARCH & SELECTION

INTERNATIONAL TREASURY SPECIALIST

£Excellent **London Based**

Our client is one of the UK's most successful fmcg companies currently enjoying substantial growth. An internal development move has created an opportunity for an experienced Treasury specialist to join their Group Treasury Operation.

Responsibilities will include the provision of a full range of Treasury services to overseas subsidiaries with particular emphasis on the Group's Latin American interests. In addition to your proven facilitation and consulting skills, you will have the commercial acumen and cultural sensitivity to operate effectively in a truly international environment.

In addition as a key member of multidisciplinary project teams you will be required to demonstrate strong communication skills together with the credibility and intellect to influence at all levels.

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Interested candidates should write in confidence enclosing a Curriculum Vitae quoting reference FT/8905 to:

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Lonsdale Advertising Services Ltd, 58-60 Rivington Street, London EC2A 3AY.
No telephone enquiries can be accepted.

GOLDEN RIVER TRAFFIC
World Leaders in Traffic Instrumentation

Business/Financial Controller
circa £35,000 pa

Golden River designs and manufactures highway traffic monitoring systems. Sales, currently at £3m, are expected to double by 1997, with 50% exported from the UK. The key to future growth is an aggressive approach to its financial performance. Reporting to the Managing Director, the Financial Controller will be responsible for driving growth:

- *Financial and commercial analysis for the management team.*
- *Short, medium and long-term planning.*
- *Financial input to day-to-day business operations.*

You will be a qualified Accountant with experience at an appropriate level in a similar growth situation in a high-tec, manufacturing organisation. You must demonstrate experience of having challenged existing practices, proposed action plans and implemented clear improvements. Driving a business forward through the finance function must be both a commitment and an experience you have enjoyed. Additionally, you will be:

- *A strong team player able to integrate rapidly and credibly with the existing Management team.*
- *Commercially astute with the ability to influence and persuade.*
- *Pro-active in seeking means of adding value.*

The company has a pleasant, non-smoking environment where creativity and a professional approach are required. It is situated 10 miles from Oxford, on the edge of the Chilterns and Cotswolds.

Send your CV, with an accompanying handwritten letter to: Margaret Bullingham, Personnel Manager, Golden River Traffic Ltd., Churchill Road, Bicester, OX15 6BD. Tel. 01869-240400.

Financial Controller

For the Fine Arts Trade

c£30k **London**

Our client is a major International packing and shipping company dealing solely in Fine Arts. The company specialises in the world-wide shipment of antiques and operates an international import and export service through a sophisticated global network.

Due to considerable growth and expansion this young and dynamic company is seeking to appoint a Financial Controller to manage the financial and accounting function. Reporting to the board of Directors this position carries with it significant autonomy and responsibility.

You will take control of the production and presentation of monthly accounts, cash flow, credit control and the development of appropriate systems to ensure timely analysis and production of financial information.

This position creates an exciting opportunity for a qualified or part qualified accountant with at least 2 years commercial experience, who is able to demonstrate a high level of motivation and business acumen supported by strong computing skills.

Please send your C.V. to Sandra Aldridge or Chris Denington at Grant Thornton, International House, 7 High Street, Ealing W5 5DB. Alternatively call them on 0181- 566 5900.

Grant Thornton
The U.K. member firm of Grant Thornton International.

FINANCE DIRECTOR - MIDDLESEX
£50,000 REMUNERATION PLUS CAR, COMPANY PENSION AND BUPA

A major company providing facilities in the UK to the film and television industries, with ambitious plans for future expansion.

THE ROLE
The aim is to enhance and strengthen the existing accounting procedures, cash management, management reporting and human resource management. Assist the management in performance monitoring, budgeting and forecasting. Dealing with the Company's bankers and other interested parties. Assume the role of company secretary. Be part of the senior management team driving the business forward.

THE CANDIDATE
Chartered accountant age 35+ with a minimum of 5 years practical working experience in a fast moving environment. Computer literate, familiarity with legal contracts and documents and some practical corporate tax planning experience. Need to demonstrate proven technical skills combined with ambition, commercial flair and the ability to build effective working relationships at all levels.

Please send full CV with salary details to:

Michael Sim FCCA ACA, Recruitment Consultant
Box A5073, Financial Times, One Southwark Bridge, London SE1 9HL

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